CITY OF SAINT JOHN

NEW BRUNSWICK

FINANCIAL STATEMENTS

DECEMBER 31st, 1986

1986

CITY OF SAINT JOHN

ELECTED OFFICIALS

Her Worship, Elsie E. Wayne, Mayor

Arthur Gould, Deputy Mayor

Samuel Davis, Councillor

Edis A. Flewwelling, Councillor

Dennis R. Knibb, Councillor

J. A. MacDougall, M.D., Councillor

Kathy Rogers, Councillor

John Schermerhorn, Councillor

Marlene Vaughan, Councillor

Albert A. Vincent, Councillor

M. A. Vincent, Councillor

CITY OF SAINT JOHN

DEPARTMENT OFFICIALS

AS OF DECEMBER 31, 1986

City Manager	R. S. Clark, B.A., M.U.P., M.P.A.
Assistant City Manager - Administration	N. Barfoot, BEC Eng.
Assistant City Manager - Operations	C. Robichaud, B.Sc., Civil Eng.
Common Clerk	M. Munford
City Solicitor	F. Rodgers, B.B.A., N.B.C.L.
Commissioner of Finance	D. Wilson, B. of Comm., C.A.
Commissioner, Engineering & Works	J. C. MacKinnon, B.Sc., Civil Eng., P. Eng.
Commissioner, Community Planning & Development	J. Brown, B.Sc., M.C.I.P.
Police Chief	R. Riley
Fire Chief	R. McDevitt
Commissioner, Human Resources	P. Groody, P. Eng., M.I.R.
Director, Recreation & Parks	C. E. Nicolle
Director, Tourism & Public Relations	Y. Huntington-LeBlanc
Executive Director, Saint John Port Development Commission	R. Murray

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1986

OPERATING HIGHLIGHTS OF

THE GENERAL FUND &

THE WATER & SEWERAGE UTILITY

GENERAL FUND

The City of Saint John General Fund has experienced an operating surplus for the 6th consecutive year. In addition, the City's commitment to eliminate the need for long term financing of capital projects continued with $567,350 of capital work being financed out of current operating funds. At December 31, 1986 the amount of debenture debt outstanding was $4.7 million less than the previous year. This represents the first time in many years that the amount of debt retirement exceeded the amount of new debt. We are experiencing the beginning of a trend which should continue towards our ultimate objective of being debt free.

OPERATIONAL HIGHLIGHTS

The operating surplus of $394,724 was a result of revenue exceeding budget by $456,907 offset by expenditures being greater than budget by $62,183.

The better than anticipated results on the revenue side arise from a number of areas, a few of which deserve special attention. Building permit revenue exceeded budget by $49,353 and is perhaps the most significant. The increase in revenue from this source is the initial sign of the benefits being derived from programs such as G.R.I.P., Amateur Night at City Hall and a concentrated effort to improve service and reduce red tape for developers. These intiatives coupled with a stable economy will eventually lead to a greater tax base over which the cost of all city services can be distributed. It is not so much the revenue from these sources that is significant, but rather the direction in which they are heading that is important.

A second source of revenue that reflected a substantial improvement is from parking meters, motor vehicle violations, fines and summonses. In total $73,188 more than budget was received in this area. This is in large part due to increased enforcement of the City Parking Meter and Traffic By-laws. The administration of the enforcement of these two by-laws was assigned to the Saint John Parking Commission early in 1986 and the results of their efforts are clearly illustrated in these figures.

Miscellaneous revenue, a source which cannot be projected with much accuracy, exceeded budget by $144,347. The main reason for this was a federal sales tax refund of $48,500 on the construction of the Regional Library, $70,000 received from the sale of "air space" associated with the Market Square Complex and $38,669 more from the sale of used equipment.

There were, however, a few revenue sources which were less than anticipated. Revenue received by the City for its role in administering the Residential Rehabilitation Assistance Program was $34,000 less than budget. A late start in the 1986 program, coupled with changes initiated by CMHC in the method of payment caused this to occur. Secondly, revenue received from the City's arenas was short of budget by roughly $34,500 which was due in part to the discontinuance of the summer program at the Stu Hurley arena. This shortfall was compensated for by a corresponding decrease in costs.

On the expenditure side, it has already been indicated that actual expenditures exceeded budget by $62,183. Before examining where the major variations occurred, it is important to first review some of the programs, purchases or activities that were not included in the budget but for which Council's approval was sought and obtained. This overview is necessary because the financial impact of these decisions are reflected in the total overexpenditure.

Council inevitably has to consider requests initiated by citizen groups, individual taxpayers and city staff that were not foreseen at budget time. The approval of $125,000 to Festival-By-The-Sea, $22,000 to the Lord Beaverbrook Rink for ice covering, $18,000 to the organizers of the C.F.L. Cup Game and $50,000 to the organizers of the World Chess Event are examples of expenditures initiated by various citizen groups. Each dollar provided in support of these groups is more than matched by a commitment of time and dollars from other components of our community. The approval of an additional $45,000 to Recreation and Parks for grass cutting, and $46,500 to Planning for the Millidgeville secondary plan, exemplify Council's commitment to the requests and concerns of individual taxpayers. Finally, approval of $99,000 for the acquisition of a boom truck to properly maintain our tree inventory, $10,000 for micro filming equipment, $20,000 for computer terminals, and the addition of the position of Commissioner of Human Resources to the establishment are examples of Council acting on the recommendations of the City Manager in order to increase the administrations' ability to deliver quality service to the public.

Turning to the broad categories of expenditures, general government services were overspent by $254,857, protective services by $342,627, environmental health services by $19,200, and recreational and cultural services by $404,524. These overexpenditures were offset by an underexpenditure of $450,831 in transportation services and $433,057 in fiscal services.

Almost all of the individual departments within general government were overspent, including the Mayor, the City Manager, Finance, Human Resources and Legal. The overexpenditure in the Mayor's office was a result of the salary increase approved for the position and costs associated with hosting receptions, most notably associated with the C.F.L. Cup Game. The overexpenditure in the City Manager's budget was necessary to enhance the professionalism with which reports, press releases and communications with employees and citizens were prepared and produced. Financial Management was overspent by $46,367 due to additional computer terminals and microfilming equipment for which Council's approval had been obtained. The creation of the position of Commissioner of Human Resources, travel costs to interview candidates for senior City appointments and legal costs associated with arbitrations resulted in Human Resources being overspent by $77,809. Finally, the budget for the Legal Department was overspent by $77,604 due in most part from legal costs associated with various actions initiated by or against the City in the last three years.

Protective Services were overspent by $342,627, of which $202,243 is attributable to Police Services, $42,263 to Fire and $66,000 to the fact that recommended ambulance rates were not approved. The Police Department overexpended its budget for overtime by $81,000; $42,400 for renovations and furniture in the new administrative and training offices; $14,000 in its stationery and printed material budget; $13,300 for additional radar units and smaller amounts in a number of other areas. The Fire Department overexpenditure is a result of a number of smaller variations from budget, the most significant being in overtime.

The third major classification of expenditures that was overspent is Recreational and Cultural Services. In total, this classification was overexpended by $404,524, and is primarily related to the purchase of the boom truck, increased grass cutting, the C.F.L. Cup Game and funding for Festival-By-The-Sea, all of which are included in this category. In addition, an overexpenditure of $39,000 occurred as a result of clearing rough areas along existing fairways at the golf course and servicing and maintaining the new holes.

The category of Transportation Services was underspent by $450,831, primarily because funds budgeted for maintenance on roads and streets were underspent by $317,705. City forces were used on capital projects, such as the expansion of the Rockwood Park Golf Course and the Hilyard Street extension, as opposed to maintenance jobs. This, along with the fact that during the first half of the year the City's work force in Transportation Services was smaller than anticipated, caused a substantial underexpenditure in personnel. This assignment of staff to capital jobs also resulted in funds budgeted for equipment rental and asphalt to be underspent by $35,000 and $45,000 respectively. Stable gasoline prices resulted in the fuel budget being underspent by $140,000. Offsetting these underexpenditures was an overexpenditure in the parts budget of $137,000. This was due to escalating prices on all parts, along with major overhauls to certain pieces of equipment. The benefit of this overexpenditure has already been seen in 1987 when the operating departments have experienced little down time when the City has been experiencing heavy snowfalls.

Fiscal Services were underspent by $433,057. As in prior years the City's management of cash flow has resulted in short-term borrowings being lower than projected. In fact, during parts of the year the City had investments in the short-term money market and was earning interest income rather than incurring interest expense.

In conclusion, we are confident in stating that the results of operations in 1986 are further evidence of the City's commitment to fiscal responsibility. A reduction in the amount of outstanding debt, a recent history of stable tax rates and operating surpluses and an objective to fund capital jobs from operating funds are all indicators that the City continues to position itself to meet the financial challenges that lie ahead.

WATER & SEWERAGE UTILITY

The Water & Sewerage Utility of The City of Saint John performed better than anticipated in 1986 and the financial statements reflect this very point. The budget approved by Common Council projected a deficit of $255,480, however, actual results reveal a deficit of only $32,369.

This favourable outcome cannot be attributed to one or two particular events, but rather is the result of many smaller variations from budget in a number of individual revenue and expense accounts. The total of these variations is less than two percent of total budget. Total revenue was $77,916 more than budget, operating expenses were $109,649 less than budget and finally, fiscal charges were underspent by $35,546.

It should be noted that the 1986 results reverse trends that have caused some concern in the last couple of years. Specifically, 1986 was the first year in at least the last six years that revenue from the Utility's customers actually exceeded budget. Revenue from flat, metered and special contract customers exceeded budget by $133,275. As well, the 1986 operations show a significant increase in revenue from the issuance of water and sewer permits. Revenue from this source amounted to $45,904, a level which had not been reached since the mid to late seventies. Comparing 1986 to 1985, the number of new water hook-ups increased by 54 and the number of new sewerage hook-ups increased by 65.

This reversal of trends is a result of a more stable economy as well as initiatives taken by the City to increase the number of housing starts. It is hoped that these trends will continue and will result in the elimination of the accumulated deficit in the Utility within two to three years.

THE CITY OF SAINT JOHN

GENERAL FUND

1986 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN
GENERAL FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1986

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

P O Box 789 801 Brunswick House
Saint John New Brunswick
Canada E2L 4B9

telephone (506) 632-1810
telecopier (506) 632-8997

a member firm of
Coopers & Lybrand (international)

February 27, 1987

AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF
COMMON COUNCIL OF THE CITY OF SAINT JOHN

We have examined the Operating Fund Balance Sheet, Capital and Loan Fund Balance Sheet and Sinking Fund, Reserve and Trust Funds Balance Sheet of The City of Saint John General Fund as at December 31, 1986 and the related Statements of Revenue and Expenses and Equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the General Fund of the City as at December 31. 1986 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L A Coleman
P D J LeBlanc
L G Warren

THE CITY OF SAINT JOHN
GENERAL FUND

OPERATING FUND BALANCE SHEET AS AT DECEMBER 31, 1986

A S S E T S

	1986 $	1985 $
Cash and short-term deposits	5,129,714	76,854
Accounts receivable	603,067	805,725
Due from employees: re Canada Savings Bonds	744,399	723,008
Due from associated entities		
Water and Sewerage Utility - Operating Fund	1,199,849	3,329,927
- Capital and Loan Fund	2,080,712	-
City of Saint John - Housing Operations	-	67,057
Saint John Transit Commission	91,486	5,902
The Power Commission of the City of Saint John	155,349	-
First L.D.H. Ltd.	-	65,557
Due from General Capital and Loan Fund	4,902,724	12,052,180
Inventory of materials and supplies, at the lower of cost and replacement cost	312,634	350,432
Deferred charges	-	6,675
	15,219,934	17,483,317

L I A B I L I T I E S A N D E Q U I T Y

Bank indebtedness	4,423,850	7,035,587
Accounts payable and accrued charges	5,833,274	6,438,417
Debentures matured and payable	14,800	24,800
Interest payable on long-term debt	949,157	1,073,340
Due to associated entities		
Pension Fund of The City of Saint John	1,123,066	1,045,085
Saint John Parking Commission	833,987	686,975
City of Saint John - Housing Operations (note 2)	1,119,192	-
Deferred revenue	104,610	15,638
Total liabilities	14,401,936	16,319,842
Equity	817,998	1,163,475
	15,219,934	17,483,317

SIGNED ON BEHALF OF THE COUNCIL

Mayor

Chairman
Finance Committee

Coopers &Lybrand

THE CITY OF SAINT JOHN
GENERAL FUND

OPERATING FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 $	1985 $
EQUITY - BEGINNING OF YEAR	1,163,475	1,691,008
Add: Excess of revenue over expenses for the year	394,724	423,274
	1,558,199	2,114,282
Deduct: Excess of revenue over expenses - second previous year (note 1)	740,201	950,807
EQUITY - END OF YEAR	817,998	1,163,475

THE CITY OF SAINT JOHN
GENERAL FUND

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1986

	Page Reference	1986 Budget $	1986 Actual $	1985 Actual $
REVENUE				
Property and business taxes		35,105,465	35,105,465	31,929,586
Unconditional grant - Province of New Brunswick		27,042,759	27,042,759	26,469,832
Sale of goods and services	10	1,489,000	1,620,875	1,448,236
Other revenue from own sources	10	1,623,000	1,783,368	1,665,314
Conditional grants from other governments	10	680,400	700,717	1,081,124
Miscellaneous revenue		81,200	225,547	138,778
Excess of revenue over expenses - second previous year (note 1)	7	740,201	740,201	950,807
TOTAL REVENUE FOR THE YEAR		66,762,025	67,218,932	63,683,677
EXPENSES				
General government services	11	4,442,600	4,697,457	4,216,652
Protective services	11	22,049,000	22,391,627	21,699,993
Transportation services	12	18,338,500	17,887,669	16,139,731
Environmental health services		1,297,900	1,317,120	1,319,355
Environmental development services	12	4,025,900	3,914,791	4,081,018
Recreational and cultural services	13	6,401,125	6,805,649	6,481,880
Fiscal services	13	10,207,000	9,773,943	9,285,724
Cost shared programs		-	35,952	36,050
TOTAL EXPENSES FOR THE YEAR		66,762,025	66,824,208	63,260,403
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR		-	394,724	423,274

THE CITY OF SAINT JOHN
GENERAL FUND

CAPITAL AND LOAN FUND BALANCE SHEET

AS AT DECEMBER 31, 1986

A S S E T S

	1986 $	1985 $
Due from associated entities		
Saint John Parking Commission	-	4,095,000
Saint John Transit Commission	429,527	369,987
City of Saint John - Housing Operations (note 2)	232,940	869,444
Saint John Non Profit Housing Incorporated	87,638	-
	750,105	5,334,431
Mortgage receivable	81,000	85,500
Due from Government of Canada	-	86,298
Due from Sinking Fund	75,000	75,000
	906,105	5,581,229
Investments in shares of wholly owned company, Saint John Industrial Parks Ltd., at cost	994	994
FIXED ASSETS (note 1 and 3)		
Land, buildings, plant and equipment and engineering structures	132,142,405	130,544,537
	133,049,504	136,126,760

L I A B I L I T I E S A N D E Q U I T Y

Debenture debt (note 3)	32,019,440	36,754,352
Other long-term debt (note 3)		
Canada Mortgage and Housing Corporation	1,837,831	2,037,890
Department of Regional Industrial Expansion	2,873,753	2,983,196
The Government of Canada	46,797	53,016
Municipal Development and Loan Board	2,900	4,071
	36,780,721	41,832,525
Debenture funds due to The Power Commission of the City of Saint John	903,779	985,941
Due to General Operating Fund	4,902,724	12,052,180
Equity	90,462,280	81,256,114
	133,049,504	136,126,760

THE CITY OF SAINT JOHN
GENERAL FUND

CAPITAL AND LOAN FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 $	1985 $
EQUITY - BEGINNING OF YEAR	81,256,114	68,186,173
Debt repaid during the year by the General Operating Fund		
Debenture debt	4,722,312	4,462,646
Capital projects financed from the Operating Fund	567,350	25,750
Canada Mortgage and Housing Corporation	200,059	241,270
Department of Regional Industrial Expansion	109,443	100,533
The Government of Canada	6,219	5,838
Municipal Development and Loan Board	1,171	1,119
	5,606,554	4,837,156
Contributions in aid of construction		
Federal government and agencies	-	202,700
Provincial government and agencies	949,487	715,000
Contributors to Saint John 1985 Canada Summer Games facilities	-	5,723,268
	949,487	6,640,968
Transfer from other City funds		
Sinking Fund	870,368	929,200
Building Depreciation Fund	55,282	11,000
Airport Sale Fund	3,922	1,000
	929,572	941,200
Write down of investment in shares of wholly owned company - First L.D.H. Ltd.	-	(200,000)
Proceeds on land sales in excess of estimated cost (note 1)	418,948	251,276
Fixed assets purchased by the General Operating Fund	1,301,605	599,341
EQUITY - END OF YEAR	90,462,280	81,256,114

THE CITY OF SAINT JOHN
GENERAL FUND

SINKING FUND, RESERVE AND TRUST FUNDS BALANCE SHEET

AS AT DECEMBER 31, 1986

	Reserve Funds			Trust Funds								
	Sinking Fund $	Equipment Replacement Fund $	Land Sub-Division Fund $	Tucker Fund $	Recreation Development Fund $	Stockford Fund $	O'Connell Fund $	L.R. Ross Fund $	A. Carle Smith Fund $	Bi-Centennial Fund $	Total 1986 $	Total 1985 $
A S S E T S												
Cash	20,809	251	12,555	355	8,122	384	543	1,186	795	-	45,000	351,260
Term deposits	-	181,000	226,000	46,000	25,000	48,000	21,000	9,000	6,000	364	562,364	445,364
Accrued interest	2,155	1,474	3,410	1,028	845	696	506	207	174	97	10,592	30,122
Marketable securities, at cost	60,000	2,000	52,951	21,000	24,482	10,000	10,992	5,178	4,000	-	190,603	1,059,168
Land improvements	-	-	-	4,784	-	-	-	-	-	-	4,784	4,784
Due from General Operating Fund	-	100,000	-	-	-	-	-	-	-	-	100,000	-
	82,964	284,725	294,916	73,167	58,449	59,080	33,041	15,571	10,969	461	913,343	1,890,698
L I A B I L I T Y A N D E Q U I T Y												
Due to General Capital and Loan Fund	75,000	-	-	-	-	-	-	-	-	-	75,000	75,000
Equity	7,964	284,725	294,916	73,167	58,449	59,080	33,041	15,571	10,969	461	838,343	1,815,698
	82,964	284,725	294,916	73,167	58,449	59,080	33,041	15,571	10,969	461	913,343	1,890,698

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THE CITY OF SAINT JOHN
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The General Fund financial statements of The City of Saint John have been prepared in accordance with the fund basis of accounting. The Operating Fund reflects the City's working capital and results of operations and the Capital and Loan Fund reflects its investment in fixed assets and outstanding long-term debt.

Fixed assets and depreciation

Fixed assets are initially recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to equity in capital assets, except where the asset was acquired under the Urban Renewal Program. In these cases the funds received are netted against the asset cost.

The City does not record depreciation but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets.

Accrual accounting

The City follows the accrual method of accounting for revenue and expenses.

Accounting for second previous year's operating results

Section 89 of the Municipalities Act of New Brunswick requires that the excess of revenue over expense for a fiscal year be included in revenue in the second ensuing year and that similarly, the excess of expense over revenue for a fiscal year be included in expense in the second ensuing year.

2. CITY OF SAINT JOHN - HOUSING OPERATIONS

The City of Saint John is in the process of transferring its housing operations to Saint John Non Profit Housing Incorporated. Until such time as legal title for each property passes to Saint John Non Profit Housing Incorporated the assets, liabilities, revenues and expenses are being reported on by City of Saint John - Housing Operations.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

3. DEBENTURE AND OTHER LONG-TERM DEBT

The aggregate amount of principal payments required on the General Fund's long-term debt in each of the next five years is as follows:

	$
1987	4,937,000
1988	4,752,000
1989	4,558,000
1990	4,544,000
1991	4,431,000

Fixed assets include $5,117,000 (1985 - $1,278,000) for which financing has not been arranged at the year end.

4. PENSION PLAN

The City of Saint John has a contributory pension plan which provides for service pensions based on length of service and rate of pay. The City makes contributions based on employee earnings and in addition contributes $135,000 per year, to 1997 and $86,000 thereafter, in recognition of past service benefits. The City charges to expense its contributions, including the $135,000, on an annual basis.

The Pension Fund was evaluated by a firm of actuaries as at January 1, 1987. The valuation showed that, based on the stated actuarial assumptions, the book value of the Fund's assets together with future contributions and expected earnings, an unfunded liability existed in the amount of $7,020,000. The actuaries recommended this liability be funded by annual payments of $764,000 commencing in 1987 and continuing for a period of 15 years. The Pension Fund Board of Trustees will be pursuing various alternatives to eliminate the unfunded liability.

5. COMMITMENTS

Saint John Transit Commission

During 1979, Saint John Transit Commission was created by an Act of the Legislative Assembly of New Brunswick. Under provisions of the Act the Commission has the authority to maintain and operate a public transit system within The City of Saint John, with all operating losses and debt charges being funded by the City. The City of Saint John is also liable for the debentures issued on behalf of the Commission which at December 31, 1986 amounted to $1,254,500.

5. COMMITMENTS - continued

In 1979, The City of Saint John financed the acquisition of fifteen transit coaches under a capital lease agreement. Under the terms of the agreement, semi-annual lease payments of $70,103 plus provincial sales tax commenced in September of 1979 and will expire on April 1, 1995, unless certain purchase options have been exercised.

Lease commitments

The City of Saint John's lease on the City Hall building has annual payments of $605,000 until 1992 and $557,000 to the expiry date of the lease in 1995. In addition, the City is responsible for property taxes and operational costs above fixed base amounts.

Market Square Central Building Complex - lease agreements

The Central Building Complex of the Market Square Project was opened to the public in May 1983. This complex includes the library, trade and convention centre, parking garage and retail and commercial space. Under the terms of three, sixty-six year leases, The City of Saint John is responsible for the proportionate share of the complex's common area operating expenses, including property taxes, related to the library, trade and convention centre and parking garage. The 1986 proportionate share of such operating expenses was $3,409,100.

6. SAINT JOHN TRADE AND CONVENTION CENTRE

The Saint John Trade and Convention Centre is owned by The City of Saint John and operated by Hilton Canada Inc. under a management agreement dated June 1, 1984. According to the terms of this agreement the City is responsible for the operating loss of the Centre.

7. CONTINGENCIES

The City of Saint John is liable for the debentures and other long-term debt issued on behalf of its self-supporting entities; The Water and Sewerage Utility, The Power Commission of The City of Saint John, Saint John Non Profit Housing Incorporated, City of Saint John - Housing Operations and Saint John Parking Commission. The total of such debt outstanding at December 31, 1986 was $31,040,000.

In addition, the City has guaranteed four loans of varying amounts of third parties in the aggregate amount of $988,000.

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF REVENUE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1986

	Budget 1986 $	Actual 1986 $	Actual 1985 $
SALE OF GOODS AND SERVICES			
Protective services			
Fire alarm system	7,000	5,952	5,812
Fire department training school	160,000	170,081	209,940
Rescue squad	10,000	12,254	14,160
Point Lepreau	12,000	12,000	12,000
Garbage collection and disposal	150,000	163,211	110,413
Recreational and cultural	767,000	744,587	732,547
Mechanical and carpentry	265,000	335,932	251,059
Sale of used vehicles	60,000	98,669	57,778
Ambulance service to other municipalities	30,000	30,129	21,577
Administrative service -			
Housing Operations	28,000	48,060	32,950
	1,489,000	1,620,875	1,448,236
OTHER REVENUE FROM OWN SOURCES			
Licenses and permits			
Building	225,000	274,353	214,092
Plumbing	20,000	27,106	21,215
Business and other	22,800	21,697	22,325
	267,800	323,156	257,632
Fines and parking meters			
Parking and traffic violations	445,700	457,924	389,379
Motor vehicle violations	140,000	162,326	138,000
Parking meters	360,000	398,636	368,257
	945,700	1,018,888	895,636
Rentals			
Market	138,000	136,964	130,314
Land and buildings	271,500	304,360	381,732
	409,500	441,324	512,046
	1,623,000	1,783,368	1,665,314
CONDITIONAL GRANTS FROM OTHER GOVERNMENTS			
Federal government and agencies			
Residential Rehabilitation Assistance Program	65,000	30,790	83,428
Canada Assistance Plan	6,000	6,000	6,000
Other Programs	-	29,929	13,137
Provincial government and agencies			
Stimulation grant	-	-	350,000
Transportation services - highways	603,900	614,148	587,371
Economic Development - tourism	5,500	5,850	5,850
Other programs	-	14,000	35,338
	680,400	700,717	1,081,124

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1986

GENERAL GOVERNMENT SERVICES

	Budget 1986 $	Actual 1986 $	Actual 1985 $
Legislative			
Mayor's office	126,900	142,213	134,391
Council expense	161,400	152,925	172,862
General administrative			
City manager	461,800	524,308	511,826
Common clerk	226,000	228,666	208,780
Human Resources	371,100	448,909	420,604
Solicitor	333,800	410,504	401,389
Financial management			
Administration	169,800	173,738	162,328
Accounting	357,300	383,612	342,390
Payroll	121,200	126,544	115,562
Budget control	153,200	159,717	144,867
Billings and collection	162,800	158,856	155,767
Purchasing	182,400	190,600	171,059
Common services			
City Hall building	1,784,500	1,729,351	1,639,606
Data processing services	371,100	349,286	316,386
Other general government services			
Conventions and delegations	10,000	841	1,401
Public liability insurance	227,000	236,878	149,424
Grants to community based organizations	97,300	97,300	99,100
	5,317,600	5,514,248	5,147,742
Deduct administrative costs allocated to the Water and Sewerage Utility	(875,000)	(816,791)	(931,090)
	4,442,600	4,697,457	4,216,652
PROTECTIVE SERVICES			
Police protection	9,600,900	9,803,143	9,412,933
Fire protection			
Salaries and other operating costs	9,478,000	9,520,264	9,290,743
Water supply	1,639,900	1,664,796	1,644,209
Emergency measures			
Ambulance	182,000	248,123	234,596
Rescue services	506,900	508,273	498,833
Other protection			
Building inspection	486,300	492,028	483,679
Animal rescue league	155,000	155,000	135,000
	22,049,000	22,391,627	21,699,993

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1986

TRANSPORTATION SERVICES

	Budget 1986 $	Actual 1986 $	Actual 1985 $
Common services	6,092,600	6,135,387	5,553,271
Road transport			
Roads and streets	5,210,600	4,892,895	4,333,305
Street lighting	620,000	580,642	545,370
Traffic services	282,400	258,485	251,005
Parking	1,958,800	1,987,760	1,536,789
Storm sewer	2,330,800	2,253,404	2,162,980
Public transit (note 5)			
Operating subsidy	1,361,700	1,268,536	1,184,628
Interest expense and capital debt retirement	481,600	510,560	572,383
	18,338,500	17,887,669	16,139,731

ENVIRONMENTAL DEVELOPMENT SERVICES

Administration	8,400	6,886	6,339
Research and planning	768,800	830,366	698,200
Real estate management	463,500	480,554	601,574
Urban renewal projects	335,800	326,897	359,472
Environment committee	2,000	1,312	937
Preservation Review Board	12,800	11,344	7,030
Housing	26,000	9,128	86,851
Industrial and port promotion	446,200	488,449	466,476
Saint John Trade and Convention Centre (note 6)	1,093,000	975,268	961,360
Tourism and public relations	564,600	525,167	535,676
Market	264,800	249,142	247,301
Public celebrations and receptions	20,000	10,278	109,802
	4,025,900	3,914,791	4,081,018

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1986

RECREATIONAL AND CULTURAL SERVICES

	Budget 1986 $	Actual 1986 $	Actual 1985 $
Recreational			
Administration	449,200	480,366	489,863
Community centres and halls	612,300	605,639	617,740
Athletics and aquatics	[illegible],500	613,164	679,969
Golf course and driving range	[illegible]200	310,554	269,947
Skating rinks and arenas	1[illegible],400	1,055,997	1,183,891
Amusement parks	349,100	406,452	399,812
Parks and playgrounds	1,605,000	1,746,175	1,591,875
Major Tournaments Committee	52,000	90,568	-
Cultural			
Administration	43,900	43,378	40,241
Museums	43,200	41,700	44,690
Libraries	655,000	647,496	541,720
Cherry Brook Zoo	82,000	82,000	80,700
Band concerts	14,300	15,513	17,375
Grants	528,625	666,647	524,057
	6,401,125	6,805,649	6,481,880

FISCAL SERVICES

Debt charges			
Interest			
Debenture debt	4,417,200	4,336,331	4,662,501
Other debt - net of interest on short term investments	686,200	(260,276)	(295,800)
Principal instalments			
Debenture debt	4,722,300	4,722,312	4,462,646
Other long-term debt	316,900	316,892	348,760
Capital projects financed from the General Operating Fund	-	567,350	25,750
Other debt charges	64,400	90,135	81,867
Water department - local improvement levies	-	1,199	-
	10,207,000	9,773,943	9,285,724

THE CITY OF SAINT JOHN

WATER & SEWERAGE UTILITY

1986 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN
WATER AND SEWERAGE UTILITY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1986

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

PO Box 789 801 Brunswick House
Saint John New Brunswick
Canada E2L 4B9

telephone (506) 632-1810
telecopier (506) 632-8997

a member firm of
Coopers & Lybrand (International)

February 27, 1987

AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF
COMMON COUNCIL OF THE CITY OF SAINT JOHN

We have examined the Operating Fund Balance Sheet and the Capital and Loan Fund Balance Sheet of The City of Saint John Water And Sewerage Utility as at December 31, 1986 and the related Statements of Revenue and Expenses and Equity and Deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Water And Sewerage Utility of the City as at December 31, 1986 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Coleman
P D J LeBlanc
L G Wilson

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

OPERATING FUND BALANCE SHEET AS AT DECEMBER 31, 1986

A S S E T S

	1986 $	1985 $
ACCOUNTS RECEIVABLE	1,025,232	856,962
DUE FROM WATER AND SEWERAGE UTILITY CAPITAL AND LOAN FUND	795,175	2,988,058
INVENTORY OF MATERIALS AND SUPPLIES, AT THE LOWER OF COST AND REPLACEMENT COST	465,623	419,229
	2,286,030	4,264,249

L I A B I L I T I E S A N D E Q U I T Y

ACCOUNTS PAYABLE AND ACCRUED CHARGES	403,512	343,195
UNEARNED REVENUE	166,616	-
INTEREST PAYABLE ON LONG-TERM DEBT	736,847	779,552
DUE TO GENERAL OPERATING FUND	1,199,849	3,329,927
	2,506,824	4,452,674
DEFICIT	220,794	188,425
	2,286,030	4,264,249

SIGNED ON BEHALF OF THE COUNCIL

Elsie Ferguson
Mayor

Samuel Davis
Chairman
Finance Committee

Coopers &Lybrand

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

OPERATING FUND STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 $	1985 $
DEFICIT (EQUITY) - BEGINNING OF YEAR	188,425	(512,275)
Excess of expenses over revenue for the year	32,369	700,700
DEFICIT - END OF YEAR	220,794	188,425

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1986

	Budget 1986 $	Actual 1986 $	Actual 1985 $
REVENUE			
Water rates, flat and metered	4,452,400	4,550,761	4,053,858
Sewerage rates, flat and metered	2,968,900	3,003,814	2,701,104
Water supply for fire protection (note 4)	1,639,900	1,664,796	1,644,209
Storm sewerage charge (note 4)	2,330,800	2,253,404	2,162,980
Interest and surcharge	112,000	87,589	100,002
Water and sewer permits	20,000	45,904	25,947
Miscellaneous	8,000	3,648	5,875
	11,532,000	11,609,916	10,693,975
Grant, Environment New Brunswick (note 3)	711,439	711,439	711,439
	12,243,439	12,321,355	11,405,414
EXPENSES			
Water supply			
Purification and treatment	458,900	432,309	435,404
Transmission and distribution	1,936,900	2,065,590	2,111,604
Pumping	599,300	558,811	559,989
Sewage collection and disposal			
Sewage collection system	1,128,000	1,039,349	950,051
Sewage treatment and disposal	1,219,900	1,114,937	1,169,381
Billing and collection	284,819	311,527	345,474
Administration and general government services (note 4)	1,577,300	1,567,340	1,543,986
Bad debt expense (recoveries)	-	5,607	(31,118)
	7,205,119	7,095,470	7,084,771
EXCESS OF REVENUE OVER EXPENSES BEFORE FISCAL SERVICES	5,038,320	5,225,885	4,320,643
FISCAL SERVICES			
Interest on long-term debt			
Debenture debt	1,860,800	1,837,751	1,935,879
Other long-term interest	745,700	721,300	762,803
Principal instalments			
Debenture debt	1,859,800	1,859,818	1,668,834
Other long-term debt	506,000	506,009	466,963
Interest on short-term debt	321,500	333,376	186,864
	5,293,800	5,258,254	5,021,343
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	255,480	32,369	700,700

Coopers &Lybrand

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

CAPITAL AND LOAN FUND BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 1986

A S S E T S

	1986 $	1985 $
FIXED ASSETS (notes 1 and 2)		
Land, buildings, transmission and distribution system, plant and equipment	77,393,350	74,181,414

L I A B I L I T I E S A N D E Q U I T Y

DEBENTURE DEBT (note 2)	15,872,892	14,638,710
OTHER LONG-TERM DEBT (note 2)		
Canada Mortgage and Housing Corporation	3,016,751	3,324,143
Department of Regional Industrial Expansion	5,439,381	5,628,385
Municipal Development and Loan Board	303,316	312,930
	24,632,340	23,904,168
DUE TO WATER AND SEWERAGE UTILITY OPERATING FUND	795,175	2,988,058
DUE TO GENERAL OPERATING FUND	2,080,712	-
EQUITY	49,885,123	47,289,188
	77,393,350	74,181,414

Coopers &Lybrand

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

CAPITAL AND LOAN FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 $	1985 $
EQUITY - BEGINNING OF YEAR	47,289,188	45,023,025
Debt repaid during the year by the Utility Operating Fund		
Debenture debt	1,859,818	1,668,834
Canada Mortgage and Housing Corporation	307,391	282,194
Department of Regional Industrial Expansion	189,004	175,632
Municipal Development and Loan Board	9,614	9,137
	49,655,015	47,158,822
Fixed assets purchased by the Utility Operating Fund	230,108	130,366
EQUITY - END OF YEAR	49,885,123	47,289,188

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The Water and Sewerage Utility financial statements have been prepared in accordance with the fund basis of accounting. The operating fund reflects the Utility's working capital and results of operations and the capital and loan fund reflects its investment in fixed assets and outstanding long-term debt.

Fixed assets and depreciation

Fixed assets are recorded at cost. Funds received through capital assistance programs, cost sharing arrangements, or loan forgiveness are treated as additions to equity in capital assets.

The Utility does not record depreciation on its fixed assets, but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets.

Accrual accounting

The Utility follows the accrual method of accounting for revenue and expenses.

2. DEBENTURE AND OTHER LONG-TERM DEBT

The aggregate amount of principal payments required on the Utility's long-term debt in each of the next five years is as follows:

	$
1987	2,344,000
1988	2,340,000
1989	2,347,000
1990	2,335,000
1991	2,658,000

Fixed assets include $3,170,000 (1985 - $3,284,000) for which financing has not been arranged at the year end.

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

3. GRANT, ENVIRONMENT NEW BRUNSWICK

The Utility receives annual grants from the Province of New Brunswick to offset financing costs related to the construction of sewage treatment plants. These grants continue for a period which corresponds with the term of the long-term debt issued to finance the construction costs.

The level of assistance will remain at $711,439 until 1989 at which time it will begin to diminish until its eventual elimination in 1995.

4. TRANSACTIONS WITH THE GENERAL OPERATING FUND

The Water and Sewerage Utility operating fund reimburses the general operating fund of The City of Saint John for a portion of the general government operating costs. In addition, a charge is made to the general operating fund for storm severage charges and water supply for fire protection.

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

1986 FINANCIAL STATEMENTS

THE POWER COMMISSION

OF THE CITY OF SAINT JOHN

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 1986

THE POWER COMMISSION

OF THE CITY OF SAINT JOHN

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 1986

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Thorne Ernst & Whinney
Chartered Accountants

40 Wellington Row
Saint John, New Brunswick, Canada
E2L 3H3

(506) 633-1414

AUDITORS' REPORT

To the Commissioners of
The Power Commission of the City of Saint John

We have examined the balance sheet of The Power Commission of the City of Saint John as at December 31, 1986 and the statements of operations and retained earnings, reserve for contingencies, reserve for indemnity insurance and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

March 3, 1987

Member of EW Ernst & Whinney International

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

BALANCE SHEET

ASSETS	December 31 1986	1985
CURRENT ASSETS		
Cash	$ 358,527	$ 181,239
Term deposit	-	800,000
Accounts receivable	4,464,914	4,603,292
Inventories	2,229,504	2,318,715
Prepaid expenses	122,002	80,155
	7,174,947	7,983,401
SPECIAL FUNDS (note 1)	1,966,482	1,810,583
PROPERTY, PLANT AND EQUIPMENT (note 2)		
Land, buildings, plant and equipment	25,360,452	23,793,173
Less accumulated depreciation	12,711,132	12,327,631
	12,649,320	11,465,542
	$21,790,749	$21,259,526

APPROVED BY THE COMMISSION:

_____ Chairman

_____ General Manager

LIABILITIES	December 31 1986	1985
CURRENT LIABILTIES		
Accounts payable and accrued liabilities	$ 5,335,100	$ 4,855,130
Customers' deposits	55,540	50,675
Accrued bond interest	30,617	35,076
Principal due within one year on long term debt	332,917	343,270
	5,754,174	5,284,151
LONG TERM DEBT (note 3)	1,362,472	1,613,227
EARNINGS RETAINED AND USED FOR OPERATIONS		
RESERVE FOR CONTINGENCIES	1,050,000	1,050,000
RESERVE FOR INDEMNITY INSURANCE	600,000	350,000
RETAINED EARNINGS, invested in assets (note 6)	13,024,103	12,962,148
	14,674,103	14,362,148
	$21,790,749	$21,259,526

COMMITMENTS (note 7)

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	Year ended December 31 1986	1985
Revenue	$45,653,760	$43,236,302
Electrical energy purchased	40,133,268	38,039,779
	5,520,492	5,196,523
Expenses (note 4)		
Operating and maintenance (note 5)	2,210,452	2,028,585
Commercial administration	1,291,322	1,389,949
General and administration	1,131,919	1,167,731
Plant depreciation	599,496	567,910
Interest on long term debt	188,150	213,277
Taxes	512,309	498,057
	5,933,648	5,865,509
	(413,156)	(668,986)
Other revenue	725,111	758,133
NET REVENUE	311,955	89,147
Appropriation to reserve		
Indemnity insurance	250,000	-
	61,955	89,147
Retained earnings at beginning of year	12,962,148	12,873,001
RETAINED EARNINGS AT END OF YEAR	$13,024,103	$12,962,148

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF RESERVE FOR CONTINGENCIES

	Year ended December 31 1986	1985
BALANCE AT BEGINNING AND END OF YEAR	$ 1,050,000	$ 1,050,000

STATEMENT OF RESERVE FOR INDEMNITY INSURANCE

	Year ended December 31 1986	1985
Balance at beginning of year	$ 350,000	$ 350,000
Appropriation	250,000	-
BALANCE AT END OF YEAR	$ 600,000	$ 350,000

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1986	1985
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net revenue	$ 311,955	$ 89,147
Depreciation which does not involve cash	959,903	892,880
	1,271,858	982,027
Changes in non-cash components of working capital		
Accounts receivable	138,378	(306,030)
Inventories	89,211	(395,308)
Prepaid expenses	(41,847)	11,827
Accounts payable and accrued liabilities	489,070	449,268
Customers' deposits	(4,235)	3,915
Accrued bond interest	(4,459)	(4,491)
	1,937,976	741,208
FINANCING		
Decrease in long term debt	(261,108)	(266,259)
INVESTMENTS		
Additions to property, plant and equipment	(2,143,681)	(1,322,967)
Increase in special funds	(155,899)	(142,895)
	(2,299,580)	(1,465,862)
DECREASE IN CASH POSITION	(622,712)	(990,913)
Cash position at beginning of year	981,239	1,972,152
CASH POSITION AT END OF YEAR	$ 358,527	$ 981,239
Represented by:		
Cash	$ 358,527	$ 181,239
Term deposit	-	800,000
	$ 358,527	$ 981,239

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1986

GENERAL

The Power Commission of the City of Saint John is the principal supplier of power to the residential, general and industrial sectors of the City of Saint John.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

These consist of construction and maintenance supplies and merchandise all valued at cost.

Property, plant and equipment

All property, plant and equipment are stated at cost. Depreciation is provided for assets in use, on the straight line basis at the following annual rates:

Buildings	2.5%
Transmitting equipment	3.33% and 4%
Tools, working and office equipment	10% and 20%
Rental equipment	15%
Automotive equipment	15% and 20%

Revenue

Billings to residential, general and industrial customers are rendered monthly on a cyclical basis. Municipal street lighting is billed at the end of each month. The Commission does not accrue revenue in respect of items not billed at the end of a fiscal period.

The Commission provides discounts to residential, general and industrial customers for prompt payment of billings. The discounts are not recorded until payment is made by the customers.

1. SPECIAL FUNDS

The special funds are retained to provide for indemnity insurance and contingencies and are represented by the following assets:

	1986	1985
Cash	$ 128,456	$ 56,653
Accrued interest receivable	51,387	51,751
Investments, at cost (quoted market value 1986, $2,012,364; 1985, $1,791,532)	1,786,639	1,702,179
	$ 1,966,482	$ 1,810,583

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

NOTES TO FINANCIAL STATEMENTS

2. FIXED ASSETS

	1986			1985
	Cost	Accumulated depreciation	Net	Net
Land, buildings and transmitting equipment	$21,990,006	$ 10,872,501	$ 11,117,505	$10,273,848
Construction in progress	362,390	-	362,390	62,852
Tools, working and office equipment	674,705	272,472	402,233	385,643
Rental equipment	1,650,929	1,041,830	609,099	554,639
Automotive equipment	682,422	524,329	158,093	188,560
	$25,360,452	$ 12,711,132	$ 12,649,320	$11,465,542

3. LONG TERM DEBT

City of Saint John, serial debentures

Interest rate	Maturity date	1986	1985
6.00%	May 15, 1986	$ -	$ 10,353
10.25%	September 1, 1986	-	50,000
9.25%	June 15, 1987	100,000	200,000
7.50%	November 1, 1988	17,500	26,250
10.50%	October 1, 1990	266,668	333,335
7.75%	December 1, 1991	187,500	225,000
8.25%	December 15, 1992	75,000	87,500
8.75%	December 15, 1993	52,500	60,000
10.75%	December 1, 1994	400,000	450,000
10.50%	September 1, 1996	500,000	500,000
9.50%	June 15, 1997	1,000,000	1,000,000
		2,599,168	2,942,438
Less principal due within one year on long term debt		332,917	343,270
		2,266,251	2,599,168
Undrawn funds for capital financing		(903,779)	(985,941)
		$ 1,362,472	$ 1,613,227

3. LONG TERM DEBT (Continued)

Undrawn funds consist of $82,162 of the 9.25% series due in 1987 and $821,617 of the 9.50% series due in 1997. The entire balance of these funds was drawn by the commission in February, 1987.

Principal repayments on long term debt due within each of the next five years are as follows:

1987	$ 332,917
1988	$ 332,917
1989	$ 324,167
1990	$ 324,167
1991	$ 257,500

4. DEPRECIATION

Depreciation for the year amounted to $959,903 ($892,880 in 1985) and is included in these financial statements as part of the various expense categories.

5. OPERATING AND MAINTENANCE EXPENSE

Operating and maintenance expense has been reduced in the current year by insurance proceeds received in the amount of $117,100 resulting from an accident at a substation in 1985. The amount, if any, receivable was not determinable at the prior year end.

6. RETAINED EARNINGS

Under the regulations of the Municipalities Act, the Commission is permitted to establish a reserve fund with respect to the financing of capital assets Transfers to such a fund in any one year may not exceed 7% of gross revenue from the sale of electric power.

The Commission has, as administrative practice, accumulated retained earnings to the extent that the annual increments complied with the 7% guideline. In no year has the amount appropriated exceeded the amount permitted by the regulations.

7. COMMITMENTS

As at December 31, 1986 the commission is committed to purchase fixed assets with an approximate cost of $950,000.

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF REVENUE

	Year ended December 31 1986	1985
Lighting and power		
Residential service	$20,990,649	$19,087,972
General and industrial service	28,810,076	28,125,583
Municipal street lighting	744,402	716,714
	50,545,127	47,930,269
Customers' discounts	4,891,367	4,693,967
	$45,653,760	$43,236,302

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF DETAILS OF EXPENSES AND OTHER REVENUE

	Year ended December 31 1986	1985
OPERATING AND MAINTENANCE		
Salaries, wages and related benefits	$ 1,193,522	$ 1,131,783
Stores	73,140	73,527
Automotive equipment (including depreciation)	209,134	188,445
Other equipment	91,766	96,358
Substations	109,678	149,241
Poles, towers and fixtures	276,955	176,591
Conductors	155,288	110,555
Line transformers and devices	27,660	35,398
Meters and devices	16,918	11,281
Consumers' premises	2,678	292
Street lighting	53,713	55,114
	$ 2,210,452	$ 2,028,585
COMMERCIAL ADMINISTRATION		
Salaries	$ 1,067,271	$ 1,059,565
Meter reading supplies	7,592	10,218
Billing and collecting	89,803	92,170
Bad debt provision	86,417	119,163
Business promotion	40,239	108,833
	$ 1,291,322	$ 1,389,949

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF DETAILS OF EXPENSES AND OTHER REVENUE (Continued)

	Year ended December 31 1986	1985
GENERAL AND ADMINISTRATION		
Salaries and fees	$ 362,657	$ 351,840
Office supplies	113,869	107,931
Telephone and telegraph	35,776	35,096
Professional services	18,417	18,095
General insurance	12,079	7,960
Unemployment insurance	40,798	40,436
Group insurance	23,499	19,601
Canada Pension	22,628	21,233
Blue Cross	56,911	47,932
Workers' compensation	15,329	13,121
Contributions to employees' pension fund	123,481	200,555
Depreciation of furniture and office equipment	37,184	33,181
Building	200,068	186,780
Miscellaneous	69,223	83,970
	$ 1,131,919	$ 1,167,731
OTHER REVENUE		
Interest	$ 341,074	$ 430,537
Connection charges	103,726	97,580
Sundry	280,311	230,016
	$ 725,111	$ 758,133

SAINT JOHN TRANSIT COMMISSION

1986 FINANCIAL STATEMENTS

SAINT JOHN TRANSIT COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1986

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
Suite 1209
One Brunswick Square
Saint John, N.B., Canada
E2L 4V1
Telephone (506) 634-7000

AUDITORS' REPORT

To the Commissioners of the
Saint John Transit Commission:

We have examined the balance sheet of the Saint John Transit Commission as at December 31, 1986 and the statements of operations and equity and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Saint John, Canada,
February 11, 1987.

Chartered Accountants

SAINT JOHN TRANSIT COMMISSION

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
ASSETS		
Current:		
Cash	$ 48,657	
Short-term deposits	200,000	$ 250,000
Accounts receivable	48,295	27,609
Inventory of spare parts	142,070	139,257
Prepaid expenses	20,128	3,617
	459,150	420,483
Fixed (note 2)	2,617,524	2,402,989
	$3,076,674	$2,823,472
LIABILITIES AND EQUITY		
Current:		
Bank indebtedness		$ 31,370
Trade accounts payable and accrued charges	$ 321,432	336,979
Due to the City of Saint John (note 3)	91,486	5,902
Current portion of long-term debt (note 4)	258,000	215,000
	670,918	589,251
Long-term debt (note 4)	2,321,256	2,149,721
Equity	84,500	84,500
	$3,076,674	$2,823,472

(See accompanying notes)

On behalf of the Commission:

Commissioner

Commissioner

SAINT JOHN TRANSIT COMMISSION

STATEMENT OF OPERATIONS AND EQUITY

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Revenue:		
Fares	$1,737,644	$1,661,805
Senior citizens' subsidy	50,000	50,000
Charter	54,688	67,684
Other	9,106	9,690
Advertising	26,380	28,010
Interest	10,621	19,875
	1,888,439	1,837,064
Expenditures: (schedule 1)		
Transportation	2,075,473	1,929,416
Vehicle maintenance	878,756	869,235
General and administrative	202,746	223,041
	3,156,975	3,021,692
Operating loss	1,268,536	1,184,628
Long-term debt interest	295,555	281,609
Depreciation	215,004	290,774
	510,559	572,383
Net operating loss	$1,779,095	$1,757,011
Subsidies from the City of Saint John:		
Operating	$1,268,536	$1,184,628
Interest and debt reduction	510,559	572,383
	$1,779,095	$1,757,011
Equity	$ 84,500	$ 84,500

(See accompanying notes)

SAINT JOHN TRANSIT COMMISSION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Cash provided by (used for):		
Operations:		
Net operating loss	$(1,779,095)	$(1,757,011)
Less depreciation, a non cash item	215,004	290,774
Subsidies from the City of Saint John -		
Operating	1,268,536	1,184,628
Interest on long-term debt	295,555	281,609
Net change in non-cash working capital balances (note 6)	30,027	(117,606)
	30,027	(117,606)
Financing:		
Repayment of debentures	(146,000)	(146,000)
Repayment of capital leases	(69,004)	(63,370)
Reduction of net cash advances from the City of Saint John		(81,404)
Long-term debt subsidy from the City of Saint John	215,004	290,774
Purchase of fixed assets financed by the City of Saint John	429,526	388,405
	429,526	388,405
Investments:		
Capital expenditures	(429,526)	(388,405)
Increase (decrease) in cash and short term deposits	30,027	(117,606)
Bank indebtedness and short term deposits, beginning of year	218,630	336,236
Cash and short term deposits, end of year	$ 248,657	$ 218,630

(See accompanying notes)

SAINT JOHN TRANSIT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. Significant accounting policies

(a) Basis of accounting

Saint John Transit Commission follows generally accepted accounting principles, except for depreciation accounting which is discussed in 1(c) below.

(b) City of Saint John

Saint John Transit Commission was established by the City of Saint John to operate the public transit system. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at year end results from the difference between regular monthly payments received from the City and operating expenditures for the year.

(c) Fixed assets

Asset acquisitions are recorded at cost, less direct funding provided by the Urban Transportation Assistance Program. Depreciation is measured as an amount equal to the annual debt reduction and is charged to operations and credited against asset costs.

(d) Inventory

Inventory of spare parts is carried at cost or replacement cost, whichever is lower. Cost is defined as laid down cost, determined on a first-in, first-out basis.

(e) Capital lease obligations

Long-term lease transactions related to the financing of motor vehicles are accounted for as capital leases. The capitalized lease obligations reflect the present value of future rental payments discounted at the interest rate implicit in the lease; a corresponding amount has been capitalized as the cost of the leased assets.

(f) Subsidy

Operating subsidies received from the City of Saint John are recognized as revenue when operating expenditures are incurred. Subsidies on account of long-term debt retirement are recognized when each year's obligations of the Saint John Transit Commission are funded by the City.

(g) Transcard revenue

Transcard receipts are recognized in revenue as sales are made to the public.

2. Fixed assets

Details of fixed assets are as follows:

	1986	1985
Land	$ 77,470	$ 77,470
Building	2,920,480	2,920,480
Motor vehicles - purchased	2,108,723	1,697,922
- leased	1,294,218	1,294,218
Transportation equipment	64,942	63,120
Office equipment	54,567	38,884
Maintenance equipment	52,791	51,558
Bus shelters and signs	75,535	75,535
	6,648,726	6,219,187
Deduct funding provided by the Urban Transportation Assistance Program	2,600,311	2,600,311
	4,048,415	3,618,876
Less reduction of debt related thereto	1,430,891	1,215,887
	$2,617,524	$2,402,989

3. Due the to City of Saint John

	1986	1985
Due from the City of Saint John - Capital expenditures	$ 1,678	$ 12,270
Due to the City of Saint John - Operations	93,164	18,172
	$ 91,486	$ 5,902

4. Long-term debt

Long-term debt represents obligations of the City of Saint John and consists of:

	1986	1985
Long-term debt related to outstanding serial debentures issued by the City of Saint John and allocated to the Saint John Transit Commission as follows:		
17 ¼% - March 1, 1992	$ 360,000	$ 420,000
17 ½% - September 2, 1992	465,000	542,500
10 ¾% - 11 ½% - May 16, 1993	59,500	68,000
9% - 10% - December 1, 1996	370,000	
Net cash advances from the City of Saint John against capital and other expenditures	429,526	369,987
Capital lease obligations	895,230	964,234
	2,579,256	2,364,721
Less current portion	258,000	215,000
	$2,321,256	$2,149,721

The long-term debt was incurred by the City of Saint John with respect to capital and other expenditures made on behalf of the Commission. The capital lease obligations were undertaken by the City of Saint John for the acquisition of motor vehicles and were allocated to the Commission.

Annual repayment of long-term debt for debentures and capital leases is as follows:

Year	Debentures	Capital leases	Total
1987	$ 183,000	$ 75,000	$ 258,000
1988	183,000	82,000	265,000
1989	183,000	89,000	272,000
1990	183,000	97,000	280,000
1991	183,000	106,000	289,000
	915,000	449,000	1,364,000
Thereafter	339,500	1,275,216	1,614,716
		1,724,216	2,978,716
	$1,254,500		
Less imputed interest 8.7%		828,986	828,986
		$ 895,230	$2,149,730

5. Capital lease

The capital lease agreement financed the acquisition of fifteen motor vehicles. Under the terms of the agreement, semi-annual lease payments of $75,712 commenced in September of 1979 and will expire on April 1, 1995, unless certain purchase options have been exercised.

The present value of the minimum lease payments and purchase option and the corresponding amount capitalized as the cost of the assets is as follows:

Total minimum lease payments and purchase option	$2,400,775
Less imputed interest at 8.7%	1,106,557
Present value of minimum lease payments	$1,294,218

6. Net change in non-cash working capital balances

	1986	1985
Increase (decrease) in:		
Trade accounts payable and accrued charges	$ (15,547)	$ 26,365
Due to the City of Saint John	85,584	(139,142)
	70,037	(112,777)
Decrease (increase) in:		
Accounts receivable	(20,686)	643
Inventory of spare parts	(2,813)	(11,353)
Prepaid expenses	(16,511)	5,881
	$ 30,027	$ (117,606)

7. Income tax

The Saint John Transit Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

8. Reclassification

The comparative financial statements have been reclassified to conform to the presentation adopted for the 1986 financial statements.

SCHEDULE 1

SAINT JOHN TRANSIT COMMISSION

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 1986

	1986	1985
TRANSPORTATION		
Salaries and wages	$1,340,593	$1,291,075
Gas and oil	405,272	396,623
Fringe benefits	161,761	149,326
Fleet insurance	107,803	36,409
Uniforms	2,504	15,148
Safety awards and allowances	17,297	19,197
Tickets	8,056	12,308
Miscellaneous	23,687	5,330
Parallel transit	8,500	4,000
	$2,075,473	$1,929,416
VEHICLE MAINTENANCE		
Salaries and wages	$ 437,861	$ 419,653
Supplies and parts	220,929	226,626
Fringe benefits	58,527	47,700
Tools and equipment	9,310	11,318
Heat	79,398	79,110
Real estate taxes	40,197	38,651
Building maintenance	14,459	16,811
Miscellaneous	2,547	10,027
Water	5,225	6,157
Miscellaneous supplies	10,303	13,182
	$ 878,756	$ 869,235
GENERAL AND ADMINISTRATIVE		
Salaries	$ 123,929	$ 128,176
Professional fees	11,778	11,771
Postage, stationery and printing	8,959	12,433
Telephone and radio system	9,275	9,625
Insurance	5,142	5,008
Fringe benefits	18,380	14,882
Advertising	2,543	7,847
Travel	11,670	14,996
Board payments	3,070	4,428
Miscellaneous	8,000	13,875
	$ 202,746	$ 223,041

(See accompanying notes)

SAINT JOHN AQUATIC CENTRE COMMISSION

1986 FINANCIAL STATEMENTS

SAINT JOHN AQUATIC CENTER COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1986

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
Suite 1209
One Brunswick Square
Saint John, N.B., Canada
E2L 4V1
Telephone (506) 634-7000

AUDITORS' REPORT

To the Commissioners of the
Saint John Aquatic Center Commission:

We have examined the funds' balance sheets of the Saint John Aquatic Center Commission as at December 31, 1986 and the operating fund's statement of operations, the capital fund's statement of revenue and expenditure and unexpended funds and the statement of cash flows for operating fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants

Saint John, Canada,
February 13, 1987.

SAINT JOHN AQUATIC CENTER COMMISSION

BALANCE SHEET

DECEMBER 31, 1986

OPERATING FUND

ASSETS

	1986	1985
Cash and term deposits	$227,262	$ 47,305
Accounts receivable	14,459	25,935
Due from the City of Saint John	34,050	98,293
Inventory	48,289	27,864
Prepaid expenses	5,431	6,433
	$329,491	$205,830

LIABILITIES

Accounts payable and accrued charges	$147,715	$147,263
Unearned revenue	67,139	58,567
Due to capital fund	114,637	
	$329,491	$205,830

CAPITAL FUND

ASSETS

Due from Operating Fund	$114,637	
Fixed assets (note 3)	356,327	$196,521
	$470,964	$196,521

EQUITY AND UNEXPENDED FUNDS

Equity in fixed assets	$356,327	$196,521
Unexpended funds	114,637	
	$470,964	$196,521

(See accompanying notes)

On behalf of the Commission:

Commissioner

Commissioner

SAINT JOHN AQUATIC CENTER COMMISSION

OPERATING FUND

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986		1985
	Actual	Budget	Actual
Revenue	$1,017,545	$1,112,736	$ 888,970
Expenses:			
Operations -			
Maintenance	578,653	618,452	529,239
Administration	342,048	354,790	335,729
Program	567,438	579,494	501,882
Set up			9,041
	1,488,139	1,552,736	1,375,891
Net cost of operations	$ 470,594	$ 440,000	$ 486,921
Subsidy from the City of Saint John	$ 470,594	$ 440,000	$ 486,921

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

CAPITAL FUND

STATEMENT OF REVENUE, EXPENDITURES AND UNEXPENDED FUNDS

YEAR ENDED DECMEBER 31, 1986

	1986	1985
Revenue:		
City of Saint John	$ 24,443	$170,904
The Saint John 1985 Canada Summer Games Society, Inc.	250,000	
	274,443	170,904
Expenditure:		
Purchase of fixed assets	159,806	170,904
Excess of revenue over expenditure	114,637	NIL
Unexpended funds, beginning of year	NIL	NIL
Unexpended funds, end of year	$114,637	$ NIL

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

STATEMENT OF CASH FLOWS FOR OPERATING FUND

YEAR ENDED DECMEBER 31, 1986

	1986	1985
Cash provided by (used for):		
Operations:		
Net cost of operations	$(470,594)	$(486,921)
Subsidy from the City of Saint John	470,594	486,921
	NIL	NIL
Net change in non-cash working capital balances:		
Accounts receivable	11,476	(25,935)
Due from the City of Saint John	64,243	(66,736)
Inventory	(20,425)	(27,864)
Prepaid expenses	1,002	(6,433)
Accounts payable and accrued charges	452	115,706
Unearned revenue	8,572	58,567
Due to capital fund	114,637	
Increase in cash and term deposits	179,957	47,305
Cash and term deposits, beginning of year	47,305	
Cash and term deposits, end of year	$ 227,262	$ 47,305

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. Significant accounting policies

(a) Basis of accounting

The Saint John Aquatic Center Commission follows generally accepted accounting principles, except for depreciation accounting which is discussed in 1(e) below.

(b) City of Saint John

The Saint John Aquatic Center Commission was established by the City of Saint John to operate the Canada Games Aquatic Center. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at the year end results from the difference between regular monthly payments received from the City and net expenditures for the year.

(c) Subsidy

Operating subsidies received from the City of Saint John are recognized as revenue when the operating expenses are incurred.

(d) Inventory

Inventory is recorded at the lower of cost and replacement cost. Cost is defined as laid-down cost, determined on a first-in, first-out basis.

(e) Fixed assets and depreciation

Fixed assets are initially recorded at cost. As these assets are financed by grants from the City of Saint John no depreciation is recorded.

2. Income tax

The Saint John Aquatic Center Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

3. Fixed assets

Fixed assets consist of:

	1986	1985
Administrative	$ 66,671	$ 51,977
Maintenance	69,341	61,081
Program	84,952	83,463
Pedway	75,562	
Facility changes	59,801	
	$356,327	$196,521

SAINT JOHN PARKING COMMISSION

1986 FINANCIAL STATEMENTS

SAINT JOHN PARKING COMMISSION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1986

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

P.O Box 789 801 Brunswick House
Saint John New Brunswick
Canada E2L 4B9

telephone (506) 632-1810
telecopier (506) 632-8997

a member firm of
Coopers & Lybrand (International)

February 13, 1987

AUDITORS' REPORT TO THE MEMBERS
SAINT JOHN PARKING COMMISSION

We have examined the balance sheet of the Saint John Parking Commission as at December 31, 1986 and the statements of income and equity, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Coleman
P D J LeBlanc
L G Witman

SAINT JOHN PARKING COMMISSION

BALANCE SHEET AS AT DECEMBER 31, 1986

A S S E T S

	1986 $	1985 $
CURRENT ASSETS		
Cash	2,002	1,812
Accounts receivable - trade	3,030	4,647
Due from City of Saint John	833,987	686,975
Due from Brunswick Square Ltd.	40,815	27,554
	879,834	720,988
PROPERTY AND LEASEHOLD IMPROVEMENTS		
Land, off-street parking lots at cost	228,963	200,167
Parking garage - land and structure (note 3)	5,364,600	5,364,600
Leasehold improvements at cost less accumulated amortization	53,768	63,169
	5,647,331	5,627,936
	6,527,165	6,348,924

L I A B I L I T I E S A N D E Q U I T Y

CURRENT LIABILITIES		
Payable re: participation in Chipman Hill Parking Garage operation	8,883	3,320
Accounts payable and accrued liabilities	61,222	20,137
Rents received in advance	6,630	3,995
Current portion of debenture debt (note 5)	133,000	-
	209,735	27,452
NOTE PAYABLE - CITY OF SAINT JOHN	-	4,095,000
DEBENTURE DEBT (note 4)	3,962,000	-
EQUITY	2,355,430	2,226,472
	6,527,165	6,348,924

APPROVED BY THE COMMISSION

Chairman

Coopers &Lybrand

SAINT JOHN PARKING COMMISSION

STATEMENT OF INCOME AND EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1986

	Budget 1986 $	Actual 1986 $	Actual 1985 $
INCOME			
Parking lot rentals	336,440	366,570	340,804
Chipman Hill rental	-	33,815	-
Share of Parking Garage operating profits (note 3)	-	7,000	-
	336,440	407,385	340,804
EXPENSES			
Direct			
Ground rent/leasing costs	20,040	27,809	20,000
Maintenance and repairs	22,000	15,097	22,600
Parking lot supervision	26,520	27,718	25,140
Parking lot attendants	58,000	52,378	56,586
Power	2,400	1,279	975
Real estate taxes	67,200	71,850	60,453
Snow removal	19,800	8,471	10,076
Amortization of leasehold improvements	24,000	17,201	16,490
	239,960	221,803	212,320
Administrative			
Advertising	-	-	544
Commission expenses	2,760	2,048	5,268
Office	9,600	7,258	6,305
Postage	2,160	2,076	1,497
Professional fees	6,000	19,577	16,897
Salaries	53,400	58,918	48,434
Telephone	2,880	4,226	3,806
Travel	6,440	7,075	4,152
Miscellaneous	3,000	2,547	963
Convention	5,600	3,949	-
Debenture interest	-	33,815	-
	91,840	141,489	87,866
	331,800	363,292	300,186
INCOME FROM OPERATIONS	4,640	44,093	40,618
OTHER INCOME (EXPENSES)			
Interest income	49,920	68,198	82,836
Administrative revenue	-	16,667	-
Grant revenue	-	2,860	26,000
Grant expenses	-	(2,860)	(40,352)
	49,920	84,865	68,484
NET INCOME FOR THE YEAR	54,560	128,958	109,102
EQUITY - BEGINNING OF YEAR	2,226,472	2,226,472	2,117,370
EQUITY - END OF YEAR	2,281,032	2,355,430	2,226,472

Coopers &Lybrand

SAINT JOHN PARKING COMMISSION

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 $	1985 $
OPERATING ACTIVITIES		
Net income for the year	128,958	109,102
Item not affecting cash -		
Amortization	17,201	16,490
	146,159	125,592
Cash provided by (invested in) non-cash working capital:		
Accounts receivable - trade	1,617	(514)
Due from City of Saint John	(147,012)	(223,861)
Due from Brunswick Square Ltd.	(13,261)	147,446
Payable re: participation in Chipman Mill Parking Garage operation	5,563	(11,762)
Accounts payable and accrued liabilities	41,085	15,552
Rents received in advance	2,635	1,115
	36,786	53,568
FINANCING ACTIVITIES		
Repayment of note	(4,095,000)	-
Issue of debenture debt	4,095,000	-
	-	-
INVESTING ACTIVITIES		
Purchase of land and leasehold improvements	(36,596)	(53,225)
INCREASE IN CASH DURING YEAR	190	343
CASH - BEGINNING OF YEAR	1,812	1,469
CASH - END OF YEAR	2,002	1,812

SAINT JOHN PARKING COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

1. GENERAL

The Commission is incorporated under an Act of the New Brunswick legislature and its principal activity is the administration and development of parking in the City of Saint John.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation and amortization

The Commission has adopted the policy of recording depreciation on the Parking Garage at an amount equal to the principal payment on long-term debt. No principal payments have been made and therefore no depreciation has been recorded on the parking garage.

Leasehold improvements to leased parking lots are being amortized over five years on a straight line basis.

3. PARKING GARAGE - LAND AND STRUCTURE

	$
Land	1,250,000
Parking garage structure - at cost	4,114,600
	5,364,600

In 1977, Brunswick Square Ltd. conveyed land to the Commission on which the Chipman Hill Parking Garage is located subject to the condition that the land always be used for a parking structure. This land is recorded in the accounts of the Commission at an amount estimated to be its fair market value at the time of conveyance from Brunswick Square Ltd.

Effective December 1, 1986, the Commission, Brunswick Square Ltd. and the City of Saint John entered into an agreement whereby the Commission agreed to lease the Chipman Hill Parking Garage to Brunswick Square Ltd. for a period of fifteen years. In addition to paying rent equal to the Commission's interest and capital payments on its debenture debt, Brunswick Square Ltd. has agreed to pay to the Commission one-third of the operating profits of the Parking Garage to a maximum of $895,257. The Commission's share of operating profits for the year ended December 31, 1986 was $7,000.

Brunswick Square Ltd. has agreed to purchase the Parking Garage on December 1, 2001 at a price of $895,258 less any amounts paid to the Commission out of operating profits as noted above.

SAINT JOHN PARKING COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

4. DEBENTURE DEBT

The amount of principal payments required on debenture debt in each of the next five years is as follows:

	$
1987	133,000
1988	145,000
1989	158,000
1990	173,000
1991	189,000

5. MUNICIPAL GRANT - CITY OF SAINT JOHN

Under the terms of an agreement between the City of Saint John and the Saint John Parking Commission, the City has agreed to give the Commission an annual grant equal to the municipal portion of any property and business taxes levied on the Chipman Hill Parking Garage. Since 1979 the accumulated municipal portion of such taxes is $680,131.

6. COMMITMENTS

The Parking Commission leases the land on which the Station Street Parking Lot is located under a five year agreement expiring on July 1, 1989. Minimum rental payments for each year of the lease are $20,000 with additional rent being payable equal to 60% of the operating profits from the said lot.

CITY OF SAINT JOHN - HOUSING OPERATIONS

1986 FINANCIAL STATEMENTS

CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN
NON PROFIT HOUSING INCORPORATED)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1986

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

P.O Box 789 801 Brunswick House
Saint John New Brunswick
Canada E2L 4B9

telephone (506) 632-1810
telecopier (506) 632-8997

a member firm of
Coopers & Lybrand (international)

June 8, 1987

AUDITORS' REPORT TO THE DIRECTORS

We have examined the balance sheet of City of Saint John - Housing Operations (Administered by Saint John Non Profit Housing Incorporated) as at December 31, 1986 and the statements of income and operating surplus, reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the City of Saint John - Housing Operations (Administered by Saint John Non Profit Housing Incorporated) as at December 31, 1986 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
P D J LeBlanc
L G Wetmore

CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

BALANCE SHEET AS AT DECEMBER 31, 1986

ASSETS

	1986 $	1985 $
CASH	232,467	82,329
ACCOUNTS RECEIVABLE	145,214	55,333
INTEREST RECEIVABLE	1,697	3,343
	379,378	141,005
RESTRICTED CASH AND DEPOSITS (note 3)	317,018	212,728
DUE FROM THE CITY OF SAINT JOHN (note 7)	1,225,726	-
LAND, BUILDINGS AND FIXTURES (notes 4 and 5)	10,849,627	6,487,335
	12,771,749	6,841,068

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED CHARGES	240,248	207,199
DUE TO THE CITY OF SAINT JOHN	144,000	-
LONG-TERM DEBT (note 5)	11,576,201	6,385,773
	11,960,449	6,592,972

SURPLUS

OPERATING SURPLUS	603,856	144,942
REPLACEMENT RESERVE (note 3)	109,599	64,996
SUBSIDY SURPLUS RESERVE (note 3)	97,845	38,158
	811,300	248,096
	12,771,749	6,841,068

SIGNED ON BEHALF OF THE BOARD

_____
Director

_____
Director

Coopers
&Lybrand

CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

STATEMENT OF INCOME AND OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986				1985
	Rotary Admiral Beatty (9 months) $	Harbourside $	Rockwood Court $	Total $	Total $
REVENUE (note 6)	740,357	1,002,010	181,377	1,923,744	1,159,823
EXPENSES	657,757	977,010	173,000	1,807,767	1,132,922
	82,600	25,000	8,377	115,977	26,901
GAIN ON SALE OF PROPERTY (note 7)	-	-	426,746	426,746	-
NET INCOME FOR THE YEAR	82,600	25,000	435,123	542,723	26,901
OPERATING SURPLUS - BEGINNING OF YEAR	-	-	144,942	144,942	158,659
	82,600	25,000	580,065	687,665	185,560
Less: Allocation to (release from):					
Replacement reserve (note 3)	26,100	25,000	(23,791)	27,309	35,000
Subsidy surplus reserve (note 3)	56,500	-	-	56,500	-
1984 operating surplus refunded (note 6)	-	-	-	-	5,618
	82,600	25,000	(23,791)	83,809	40,618
OPERATING SURPLUS - END OF YEAR	-	-	603,856	603,856	144,942

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CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

STATEMENT OF RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986				1985
	Rotary Admiral Beatty (9 months)	Harbourside	Rockwood Court	Total	Total
	$	$	$	$	$
REPLACEMENT RESERVE (note 3)					
Balance - beginning of year	-	43,373	21,623	64,996	21,050
Add: Provision for the year	26,100	25,000	(23,791)	27,309	35,000
Interest income for the year	1,504	13,622	2,168	17,294	8,946
Balance - end of year	27,604	81,995	-	109,599	64,996
SUBSIDY SURPLUS RESERVE (note 3)					
Balance - beginning of year	-	38,158	-	38,158	35,246
Add: Provision for the year	56,500	-	-	56,500	-
Interest income for the year	-	3,187	-	3,187	2,912
Balance - end of year	56,500	41,345	-	97,845	38,158

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CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 $	1985 $
OPERATING ACTIVITIES		
Provided from operations:		
Net income for the year	542,723	26,901
Charge to income not affecting cash -		
Depreciation	45,892	20,805
Gain on sale of property	(426,746)	-
	161,869	47,706
Cash provided from (used in) non-cash operating items -		
(Increase) decrease in accounts receivable	(89,881)	289,018
(Increase) decrease in interest receivable	1,646	(1,853)
Decrease in prepaid expenses	-	90,150
Increase (decrease) in accounts payable and accrued changes	33,049	(334,456)
Increase in due to the City of Saint John	144,000	-
Transfer of excess mortgage funds to restricted cash (note 3)	-	(109,574)
Transfer to replacement reserve	(27,309)	(35,000)
Transfer to subsidy surplus reserve	(56,500)	-
1984 operating surplus refunded	-	(5,618)
	166,874	(59,627)
FINANCING ACTIVIES		
Proceeds from issue of long-term debt -		
Rotary Admiral Beatty	5,874,269	-
Rockwood Court	36,000	-
Advances from City of Saint John -		
Rotary Admiral Beatty	195,474	-
Bicentenial Court	-	833,483
Rotary Club donation for Rotary Admiral Beatty	350,000	-
Repayment of long-term debt	(915,335)	(20,805)
	5,540,428	812,678
INVESTING ACTIVITIES		
Purchase of fixed assets		
Rotary Admiral Beatty	(6,419,763)	-
Rockwood Court	-	(18,993)
Bicentennial Court	(188,214)	(755,497)
Proceeds from sale of Rockwood Court (note 7)	1,265,000	-
Transfer of Bicentennial Court to Saint John Non Profit Housing Incorporated	1,011,539	-
Increase in due from City of Saint John	(1,225,726)	-
	(5,557,164)	(774,490)
INCREASE (DECREASE) IN CASH	150,138	(21,439)
CASH - BEGINNING OF YEAR	82,329	103,768
CASH - END OF YEAR	232,467	82,329

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CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

These financial statements reflect only the assets, liabilities and operations of the housing operations of the City of Saint John administered by Saint John Non Profit Housing Incorporated. The assets, liabilities and operations of Saint John Non Profit Housing Incorporated are reported on separately.

2. ACCOUNTING POLICY

Fixed assets and depreciation

Asset additions which are specifically identified as being part of the original project costs and are financed by long-term debt are capitalized. These assets are depreciated at amounts equal to the principal payments on the related long-term debt.

Other asset additions are charged to the appropriate replacement reserve fund to the extent that a reserve fund is available, excess additions are expensed in the year.

3. RESTRICTED CASh AND DEPOSITS

	1986 $	1985 $
Replacement reserve fund		
(a) Harbourside and Rotary Admiral Beatty		
Under the terms of an agreement with Canada Mortgage and Housing Corporation (C.M.H.C.) transfers of $25,000 per year for the Harbourside complex and $34,800 per year for the Rotary Admiral Beatty complex (to a maximum of $250,000 for the Harbourside complex and $348,000 for the Rotary Admiral Beatty complex), are made to reserve funds for the future replacement of fixed assets. In 1985, an additional $109,574 was transferred to the Harbourside reserve fund in accordance with an option provided by C.M.H.C. This special transfer represents the amount of mortgage financing received in excess of the capital cost of the project and forms part of the $250,000 maximum transfers to the reserve fund. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in the account may only be used for the replacement of capital equipment.		
Harbourside	191,569	152,947
Rotary Admiral Beatty	27,604	-
(b) Rockwood Court	-	21,623
Carried forward	219,173	174,570

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CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

3. RESTRICTED CASH AND DEPOSITS (cont'd)

	1986 $	1985 $
Brought forward	219,173	174,570
Subsidy surplus fund		
Harbourside and Rotary Admiral Beatty		

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received by the Harbourside complex or the Rotary Admiral Beatty complex may be retained in a subsidy surplus fund up to a maximum of $500 per unit plus interest thereon. The reserve is to be comprised of monies deposited in a special bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. The interest earned in the fund is to accrue and be maintained in the fund. The agreement provides that up to 10% of any operating surplus, after accumulating the maximum subsidy surplus fund, may be transferred to other projects assisted under this program that are owned by the recipient and require additional assistance.

Harbourside	41,345	38,158
Rotary Admiral Beatty	56,500	-
	97,845	38,158
	317,018	212,728

4. LAND, BUILDINGS AND FIXTURES

	1986 $	1985 $
COST		
Harbourside	4,814,011	4,814,011
Rotary Admiral Beatty	6,069,763	-
Rockwood Court	-	1,172,342
Bicentennial Court	-	823,325
	10,883,774	6,809,678
Accumulated depreciation	34,147	322,343
	10,849,627	6,487,335

Harbourside is subject to a sixty-six year air space lease granted by Market Square Corporation for a nominal rental of $1.

CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

5. LONG-TERM DEBT

	1986 $	1985 $
Canada Trust, 11 3/4% mortgage payable in monthly instalments of $57,231 including interest, maturing April 1, 1991, amortized to April 1, 2021. The interst rate on this amount is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interst of 2%. The mortgage is secured by the Rotary Admiral Beatty complex.	5,851,963	-
CIBC Mortgage Corporation, 15 1/4% mortgage payable in monthly instalments of $61,027 including interest, maturing August 1, 1989, amortized to August 1, 2019. The interest rate on this amount is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. This mortgage in secured by Harbourside, the related air space lease and a general assignment of rentals.	4,911,764	4,917,329
New Brunswick Municipal Finance Corporation, 12% to 12 3/4% serial debentures with semi-annual interest and annual principal payments of approximately $94,000, maturing in 1994 with $333,000 subject to refinancing over a period not to exceed five years	581,000	599,000
9% to 10% serial debentures with semi-annual interest charges and 10 annual principal payments of $3,600.	36,000	-
The City of Saint John - General Fund, with interest at the City's current rate from time to time.		
Rotary Admiral Beatty project	195,474	-
Bicentennial Court project	-	869,444
	11,576,201	6,385,773

Estimated principal repayments over each of the next five years are as follows:

	$
1987	56,000
1988	66,000
1989	75,000
1990	83,000
1991	94,000

CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

6. SUBSIDY - C.M.H.C.

Paragraph 4(b) of Section 56.1 of the National Housing Act states that should the assistance paid in any year exceed the actual assistance required, as established by C.M.H.C. upon receipt of the annual project data report and financial statements of the recipient, the excess will be refunded by the recipient to C.M.H.C. at the time the annual project data report is submitted. Revenue for the current year has been reduced by $26,250 representing the excess subsidy received.

7. SALE OF ROCKWOOD COURT COMPLEX

In December of 1986, the City of Saint John sold the Rockwood Court complex for $1,265,000. Of this amount $755,000 has been set aside as the amount required to retire all outstanding bond issues relating to the complex. The excess net proceeds in the amount of $470,726 are to be administered by Saint John Non Profit Housing Incorporated for new housing initiatives subject to restrictions set out by the City of Saint John.

8. SUBSEQUENT EVENT - TRANSFER OF ASSETS AND LIABILITIES

Rotary Admiral Beatty Complex

On January 1, 1987 the Rotary Admiral Beatty Complex was sold to Saint John Non Profit Housing Incorporated for $1. The outstanding mortgage of $5,851,963 on the complex has been assumed by the purchaser. At the time of sale, the complex had a net book value of $6,047,437.

Harbourside Complex

The City of Saint John is currently in the process of transferring this complex and the associated mortgage to Saint John Non Profit Housing Incorporated. The effective date for this transfer is intended to be January 1, 1987.

CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

ROTARY ADMIRAL BEATTY COMPLEX

SCHEDULE OF INCOME AND OPERATING SURPLUS

FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 1986

	1986 Budget $	1986 Actual $
REVENUE		
Rentals	367,545	386,383
Washers and dryers	1,800	1,800
Interest	-	8,173
	369,345	396,356
Subsidy - C.M.H.C. (note 6)	399,337	344,001
Total Revenue	768,682	740,357
EXPENSES		
Operating		
Electricity	42,750	24,768
Elevator maintenance	4,200	4,440
Fire alarm system	1,500	2,636
Garbage removal	1,125	1,019
Repairs and maintenance	53,650	24,094
Telephone	5,700	5,738
Wages	24,000	27,254
Water rates	10,500	2,364
Window washing	300	1,200
	143,725	93,513
Administrative and general		
Administration fees	19,000	19,000
Professional fees	1,000	1,700
Bad debt expense	600	-
Depreciation (note 2)	5,680	22,326
Insurance	3,750	2,045
Interest	551,250	492,753
Office expense	1,000	884
Property taxes	25,500	25,536
	607,780	564,244
Total expenses	751,505	657,757
NET INCOME FOR THE PERIOD	17,177	82,600
Less: Allocation to reserves		
Replacement reserve (note 3)	26,100	26,100
Subsidy surplus reserve (note 3)	-	56,500
	26,100	82,600
OPERATING SURPLUS (DEFICIT) - END OF PERIOD (note 6)	(8,923)	-

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CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)
HARBOURSIDE
SCHEDULE OF INCOME AND OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 Budget	1986 Actual	1985 Actual
	$	$	$
REVENUE			
Rentals	398,500	387,788	379,920
Washers and dryers	1,800	1,800	1,800
Interest	-	4,705	1,788
	400,300	394,293	383,508
Subsidy - C.M.H.C. (note 6)	619,100	607,717	605,660
Total Revenue	1,019,400	1,002,010	989,168
EXPENSES			
Operating			
Electricity	31,000	30,503	28,350
Elevator maintenance	8,300	7,902	7,464
Fire alarm system	3,700	2,036	1,852
Garbage removal	6,000	6,356	4,663
Repairs and maintenance	30,000	41,589	71,730
Telephone	5,500	5,378	4,481
Wages	20,000	22,915	16,767
Water rates	5,000	5,421	4,697
Window washing	1,700	900	1,550
	111,200	123,000	141,554
Administrative and general			
Administration fees	20,400	20,400	20,400
Professional fees	2,000	4,000	4,851
Bad debt expense	1,700	-	-
Depreciation (note 2)	5,600	5,565	4,805
Insurance	3,000	2,868	2,488
Interest	726,700	726,708	727,456
Office expense	1,000	713	549
Property taxes	95,000	93,756	62,065
	855,400	854,010	822,614
Total expenses	966,600	977,010	964,168
NET INCOME FOR THE YEAR	52,800	25,000	25,000
OPERATING SURPLUS - BEGINNING OF YEAR	-	-	5,618
	52,800	25,000	30,618
Less: Allocation to replacement reserve (note 3)	25,000	25,000	25,000
1984 operating surplus refunded (note 6)	-	-	5,618
	25,000	25,000	30,618
OPERATING SURPLUS - END OF YEAR (note 6)	27,800	-	-

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CITY OF SAINT JOHN - HOUSING OPERATIONS
(ADMINISTERED BY SAINT JOHN NON PROFIT HOUSING INCORPORATED)

ROCKWOOD COURT

SCHEDULE OF INCOME AND OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 Budget $	1986 Actual $	1985 Actual $
REVENUE			
Rentals	180,200	177,126	168,255
Interest	500	4,251	2,400
Total revenue	180,700	181,377	170,655
EXPENSES			
Operating			
Electricity	3,000	1,988	2,118
Grounds	1,800	3,195	1,046
Repairs and maintenance	18,700	16,162	19,981
Wages	3,000	9,281	6,890
Water rates	10,100	9,687	9,423
	36,600	40,313	39,458
Administrative and general			
Administration	5,400	5,400	5,400
Professional fees	800	4,519	1,150
Bad debt expense	300	195	159
Depreciation (note 2)	18,000	18,000	16,000
Insurance	6,000	5,755	4,982
Interest	81,700	77,497	81,629
Office expense	200	288	523
Property taxes	21,700	21,033	19,453
	134,100	132,687	129,296
Total expenses	170,700	173,000	168,754
NET INCOME FOR THE YEAR	10,000	8,377	1,901
OPERATING SURPLUS - BEGINNING OF YEAR	144,942	144,942	153,041
	154,942	153,319	154,942
Less: Allocation to (release from) the replacement reserve (note 3)	10,000	(23,791)	10,000
	144,942	177,110	144,942
ADD: EXTRAORDINARY GAIN ON SALE OF PROPERTY	-	426,746	-
OPERATING SURPLUS - END OF YEAR	144,942	603,856	144,942

Coopers
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SAINT JOHN NON PROFIT HOUSING INCORPORATED

1986 FINANCIAL STATEMENTS

SAINT JOHN NON PROFIT HOUSING INCORPORATED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1986

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

PO Box 789 801 Brunswick House
Saint John New Brunswick
Canada E2L 4B9

telephone (506) 632-1810
telecopier (506) 632-8997

a member firm of
Coopers & Lybrand (International)

June 8, 1987

AUDITORS' REPORT TO THE DIRECTORS

We have examined the balance sheet of Saint John Non Profit Housing Incorporated as at December 31, 1986 and the statements of income and operating surplus, reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Saint John Non Profit Housing Incorporated as at December 31, 1986 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
P D J LeBlanc
L G Wilson

SAINT JOHN NON PROFIT HOUSING INCORPORATED

BALANCE SHEET AS AT DECEMBER 31, 1986

ASSETS

	$
CASH	35,792
ACCOUNTS RECEIVABLE	9,957
INTEREST RECEIVABLE	249
	45,998
RESTRICTED CASH AND DEPOSITS (note 4)	13,122
LAND, BUILDINGS AND FIXTURES (notes 5 and 6)	1,043,309
	1,102,429

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED CHARGES	17,409
DUE TO CITY OF SAINT JOHN	27,166
LONG-TERM DEBT (note 6)	1,043,309
	1,087,884

SURPLUS

OPERATING SURPLUS	1,423
REPLACEMENT RESERVE (note 4)	3,622
SUBSIDY SURPLUS RESERVE (note 4)	9,500
	14,545
	1,102,429

SIGNED ON BEHALF OF THE BOARD

_____
Director

_____
Director

Coopers
&Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF INCOME AND OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1986

	Budget $	Actual $
REVENUE		
Rentals	64,860	64,709
Washers and dryers	375	857
Interest	-	1,539
	65,235	67,105
Subsidy - C.M.H.C. (note 7)	63,876	61,826
Total Revenue	129,111	128,931
EXPENSES		
Operating		
Electricity	3,150	2,609
Garbage removal	1,200	1,085
Grounds	-	870
Repairs and maintenance	9,908	5,353
Snow removal	200	60
Wages and benefits	4,200	4,100
Water rates	600	1,328
Window washing	-	480
	19,258	15,885
Administrative and general		
Administration fees	3,300	3,285
Professional fees	300	800
Bad debt expense	600	-
Depreciation	1,454	1,285
Insurance	2,475	2,458
Interest	88,133	88,135
Office expense	75	-
Property taxes	3,790	4,154
	100,127	100,117
Total expenses	119,385	116,002
NET INCOME FOR THE YEAR (note 2)	9,726	12,929
OPERATING SURPLUS - BEGINNING OF YEAR	1,423	1,423
	11,149	14,352
Less: Allocation to reserves		
Replacement reserve	3,429	3,429
Subsidy surplus fund	-	9,500
	3,429	12,929
OPERATING SURPLUS - END OF YEAR	7,720	1,423

Coopers &Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1986

	$
REPLACEMENT RESERVE (note 4)	
Balance - beginning of year	-
Add: Provision for the year	3,429
Interest income for the year	193
Balance - end of year	3,622
SUBSIDY SURPLUS RESERVE (note 4)	
Balance - beginning of year	-
Add: Provision for the year	9,500
Balance - end of year	9,500

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SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1986

	$
OPERATING ACTIVITIES	
Provided from operations:	
Net income for the year	12,929
Charge to income not affecting cash -	
Depreciation	1,285
	14,214
Cash provided from (used in) non-cash operating items:	
(Increase) in accounts receivable	(9,957)
(Increase) in interest receivable	(249)
Increase in accounts payable and accrued charges	17,409
Increase in amount due to City of Saint John	27,166
Transfer to replacement reserve	(3,429)
Transfer to subsidy surplus reserve	(9,500)
	35,654
FINANCING ACTIVITIES	
Proceeds from issue of long-term debt -	
Mortgage	984,122
Advances from City of Saint John - South End Projects	33,055
- Bicentennial Court	27,417
Repayment of mortgage	(1,285)
Cancellation of capital stock	(13)
	1,043,296
INVESTING ACTIVITIES	
Purchase of fixed assets	
Bicentennial Court	(1,011,539)
South End Projects	(33,055)
	(1,044,594)
INCREASE IN CASH	34,356
CASH - BEGINNING OF YEAR	1,436
CASH - END OF YEAR	35,792

Coopers &Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

These financial statements reflect only the assets, liabilities and operations of Saint John Non Profit Housing Incorporated. The assets, liabilities and operations of the City of Saint John - Housing Operations (administered by Saint John Non Profit Housing Incorporated) are reported in separate financial statements.

2. OPERATIONS

Effective April 1, 1986 legal title and the administration of Bicentennial Court was transferred from City of Saint John - Housing Operations (administered by Saint John Non Profit Housing Incorporated) to Saint John Non Profit Housing Incorporated. Prior to this transfer the company did not operate and as at December 31, 1985 its only asset was cash of $1,436 representing proceeds on issuance of capital stock of $13 and an initial start-up grant of $1,423 received from the City of Saint John. During 1986 Supplementary Letters Patent were approved cancelling the capital stock of the corporation.

3. ACCOUNTING POLICY

Fixed assets and depreciation

Asset additions which are specifically identified as being part of the original project costs and are financed by long-term debt are capitalized. These assets are depreciated at amounts equal to the principal payments on the related long-term debt.

Other asset additions are charged to the appropriate replacement reserve fund to the extent that a reserve fund is available, excess additions are expensed in the year.

4. RESTRICTED CASH AND DEPOSITS

	$
Replacement reserve fund	
Bicentennial Court Under the terms of an agreement with Canada Mortgage and Housing Corporation (C.M.H.C.) transfers of $4,575 each year (to a maximum of $45,750) are made to a reserve fund for the future replacement of fixed assets. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in the account may only be used for the replacement of capital equipment.	3,622
Carried forward	3,622

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

4. RESTRICTED CASH AND DEPOSITS (cont'd)

	$
Brought forward	
Subsidy surpus fund	3,622
Bicentennial Court	

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy surplus fund up to a maximum of $500 per unit plus interest thereon. The reserve is to be comprised of monies deposited in a special bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. The interest earned in the fund is to accrue and be maintained in the fund. The agreement provides that up to 10% of any operating surplus, after accumulating the maximum subsidy surplus fund, may be transferred to other projects assisted under this program that are owned by the recipient and require additional assistance.

	9,500
	13,122

5. LAND, BUILDINGS AND FIXTURES

COST	$
Bicentennial Court	1,011,539
South End Projects	33,055
	1,044,594
Accumulated depreciation	1,285
	1,043,309

February 27, 1987

AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF
COMMON COUNCIL OF THE CITY OF SAINT JOHN

We have examined the Operating Fund Balance Sheet and the Capital and Loan Fund Balance Sheet of The City of Saint John Water And Sewerage Utility as at December 31, 1986 and the related Statements of Revenue and Expenses and Equity and Deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Water And Sewerage Utility of the City as at December 31, 1986 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
P D J Laliberte
L G Warren

THE MARKET SQUARE CORPORATION

1986 FINANCIAL STATEMENTS

Clarkson Gordon

THE MARKET SQUARE CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 1986

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
Suite 1209
One Brunswick Square
Saint John, N.B., Canada
E2L 4V1
Telephone (506) 634-7000

AUDITORS' REPORT

To the Board of Directors of
The Market Square Corporation:

We have examined the balance sheet of The Market Square Corporation as at December 31, 1986 and the statements of operations, contributed equity and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Saint John, Canada,
February 5, 1986.

Chartered Accountants

Clarkson Gordon

THE MARKET SQUARE CORPORATION
(Incorporated under the laws of New Brunswick)

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
ASSETS		
Fixed (note 2)	$56,463,917	$56,463,917
Cash	69,022	51,488
Certificates of deposit	192,726	395,959
Accounts receivable (note 3)	194,923	173,203
	$56,920,588	$57,084,567
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities (note 4)	$ 222,947	$ 375,380
Holdbacks payable	13,454	
	236,401	375,380
Equity:		
Capital -		
Authorized in the amount of $1,000	1,000	1,000
Contributed equity	56,683,187	56,708,187
	56,684,187	56,709,187
	$56,920,588	$57,084,567

(See accompanying notes)

On behalf of the Board:

Director

Director

Clarkson Gordon

THE MARKET SQUARE CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Revenue:		
Management fees	$ 96,183	$ 67,117
Investment income	35,096	24,798
Rental income	15,113	6,875
Grants	34,094	4,613
	180,486	103,403
Expenses:		
Salaries and benefits	176,133	186,751
Outside services	94,433	63,328
Insurance	46,526	25,010
Contribution to Festival by the Sea	25,000	
Office supplies	15,855	15,518
Directors' fees	15,850	18,300
Maintenance	11,125	1,443
Property rental	1,907	18,009
Miscellaneous	1,818	3,344
Travel and promotion	1,718	3,141
	390,365	334,844
Net operating expenses	209,879	231,441
Operating grant, City of Saint John	184,879	231,441
Net loss	$ (25,000)	$ NIL

(See accompanying notes)

Clarkson Gordon

THE MARKET SQUARE CORPORATION

STATEMENT OF CONTRIBUTED EQUITY

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Balance, beginning of year	$56,708,187	$56,660,443
Add Governmental funding		47,744
Deduct net loss	(25,000)	
Balance, end of year	$56,683,187	$56,708,187

(See accompanying notes)

Clarkson Gordon

THE MARKET SQUARE CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Cash provided by (used for):		
Operations -		
Net loss	$ (25,000)	
Changes in non-cash balances related to operations:		
Accounts receivable	(21,720)	$ 81,212
Accounts payable and accrued liabilities	(152,433)	94,500
Holdbacks payable	13,454	(97,287)
	(185,699)	78,425
Investments -		
Additions to properties under development		(47,744)
Proceeds from property tax adjustment		57,359
		9,615
Financing -		
Increase in contributed equity		47,744
Net increase (decrease) in cash and certificates of deposit	(185,699)	135,784
Cash and certificates of deposit at the beginning of year	447,447	311,663
Cash and certificates of deposit at the end of year	$261,748	$447,447

(See accompanying notes)

Clarkson Gordon

THE MARKET SQUARE CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. Significant accounting policies

(a) Contributed equity

The corporation was established by the City of Saint John to oversee the public interest in The Market Square Project. To carry out this mandate, the corporation entered into agreements with the developer, the City of Saint John, the Province of New Brunswick and agencies of the Government of Canada. The three levels of government agreed to fund, or make certain fixed contributions to the cost of this development, with the responsibilities for the amounts and extent of funding for each party outlined in the Master Agreement and amendments thereto. This funding is recorded in the accounts as contributed equity.

(b) Capitalization policy

Properties under development and fixed assets include all construction costs incurred by the corporation in the performance of its work, construction contributions to the developer for the performance of its work under the agreements, and all carrying costs such as interest, property taxes and operating expenses incurred by the corporation to the completion of the various components.

The City of Saint John conveyed the Market Square land sites to the corporation in trust, subject to the covenants and conditions set out in the agreements. The land is recorded in the corporation's accounts as the gross cost of acquisition and site preparation.

(c) Depreciation

In common with municipal corporations, depreciation is not recorded on fixed assets.

(d) Rental income

Under an agreement with the developer, rental income due on the hotel premises is to be deferred until 1990. The income will be reported on a cash basis upon receipt.

(e) Grants

The City of Saint John provides an operating grant to the corporation equal to net day to day operating expenses. This grant is recorded as revenue as operating expenses are incurred.

2. Fixed assets

Fixed assets consist of the following:

	1986	1985
Land	$ 6,485,214	$ 6,485,214
Parking garage	11,761,672	11,761,672
Trade Centre	8,757,007	8,757,007
Interior circulation space	8,495,370	8,495,370
Hotel	8,395,326	8,395,326
Library	6,688,798	6,688,798
Site containment	5,186,783	5,186,783
Residential Park	366,028	366,028
Truck dock	201,073	201,073
Historic Village	126,646	126,646
	$56,463,917	$56,463,917

3. Accounts receivable

Accounts receivable are comprised of the following:

	1986	1985
City of Saint John	$124,197	$ 54,304
Trade	70,726	118,899
	$194,923	$173,203

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	1986	1985
Province of New Brunswick		$200,000
City of Saint John	$ 49,080	50,884
Accrued liabilities	52,986	67,670
City Market	94,339	
Trade	2,764	35,216
Miscellaneous	23,778	21,610
	$222,947	$375,380

5. Lease and management agreements

The Central Building Complex is leased by the Corporation to the developer under a Head Lease which has 62 years remaining. Under the Head Lease, rent for the retail, commercial and office premises is on a percentage rent basis while basic rent is payable with respect to the hotel premises. There is no rent payable by the developer for the public sector components of the Central Building Complex.

The housing components are governed by separate leases. Basic rent is payable on the private sector housing while no rent is payable by the public sector.

The corporation has entered into an agreement with the City of Saint John to manage the Rehabilitation of the Saint John City Market. Expenditures of $475,638 were incurred by the corporation and recovered in 1986. The corporation also received a management fee of $23,781 for its services provided during the year.

The Market Square Parking Facility is operated by Canpark Services Ltd. pursuant to a management agreement which expires December, 1988. Net revenues of $615,745 were received by the corporation and remitted to the City in 1986.

6. Income taxes

The corporation is wholly-owned by the City of Saint John and as a result qualifies as a municipal corporation under the Income Tax Act. Accordingly, the corporation is exempt from income taxes.

7. Reclassification of amounts

Certain of the prior year's amounts have been reclassified to conform with the presentation adopted for 1986.

SAINT JOHN INDUSTRIAL PARKS LTD.

1986 FINANCIAL STATEMENTS

SAINT JOHN INDUSTRIAL PARKS LTD.

SAINT JOHN, NEW BRUNSWICK

FINANCIAL STATEMENTS

DECEMBER 31, 1986

Deane Raymond

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AUDITORS' REPORT

To the Shareholders of Saint John Industrial Parks Ltd.

We have examined the balance sheet of Saint John Industrial Parks Ltd. as at December 31, 1986 and the statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1986 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saint John, New Brunswick
February 26, 1987

Doane Raymond
Chartered Accountants

SAINT JOHN INDUSTRIAL PARKS LTD.

BALANCE SHEET

DECEMBER 31, 1986

ASSETS

	1986	1985
Current		
Cash	$ 4,830	$ 3,022
Term deposit	60,000	60,000
Interest receivable	794	914
	$65,624	$63,936

LIABILITIES

Current		
Accounts payable and accrued charges	$ 2,559	$ 450

SHAREHOLDERS' EQUITY

Capital stock		
Authorized and issued		
1,000 common shares with par value of $1 each	1,000	1,000
Retained earnings	62,065	62,486
	63,065	63,486
	$65,624	$63,936

ON BEHALF OF THE BOARD

_____ Director

_____ Director

SAINT JOHN INDUSTRIAL PARKS LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Income		
Interest	$ 4,996	$ 5,719
Expenses		
Grants (Note 1)	4,899	5,569
Legal and audit	350	350
Miscellaneous	168	157
	5,417	6,076
Loss for the year	(421)	(357)
Retained earnings, beginning of year	62,486	62,843
Retained earnings, end of year	$62,065	$62,486

NOTE TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. Grants

Landscaping

The company has agreed to transfer annual interest earnings to the Saint John Fundy Region Development Commission for a maintenance program of all industrial parks in The City of Saint John.

THE CITY OF SAINT JOHN PENSION FUND

1986 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN

SAINT JOHN, NEW BRUNSWICK

PENSION FUND

FINANCIAL STATEMENTS

DECEMBER 31, 1986

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AUDITORS' REPORT

To the Board of Trustees, The City of Saint John - Pension Fund, Saint John, New Brunswick

We have examined the statement of assets available for benefits of The City of Saint John - Pension Fund as at December 31, 1986 and the statement of changes in assets available for benefits for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the assets under the control of the Trustees of The City of Saint John - Pension Fund as at December 31, 1986 and the changes in its assets available for benefits for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saint John, New Brunswick
February 6, 1987

Doane Raymond
Chartered Accountants

THE CITY OF SAINT JOHN

PENSION FUND

STATEMENT OF ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1986

	1986	1985
Cash and short term investments	$10,239,488	$ 5,352,723
Receivables		
Due from The City of Saint John	1,123,066	1,045,085
Accrued interest and dividends	1,010,767	907,054
Investments, at cost		
Bonds (market value 1986 - $34,860,788; 1985 - $31,153,194)	31,620,220	28,041,500
Stocks (market value 1986 - $29,827,315; 1985 - $28,092,303)	22,444,642	21,749,157
Mortgages	806,203	1,377,824
	$67,244,386	$58,473,343

ON BEHALF OF THE BOARD

_____ Trustee

_____ Trustee

THE CITY OF SAINT JOHN

PENSION FUND

STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
Increase		
Contributions		
The City of Saint John	$ 2,011,523	$ 1,861,422
Employees	2,503,611	2,296,822
	4,515,134	4,158,244
Interest and dividend income	5,131,585	5,062,836
Gain on sale of investments	3,008,342	1,364,700
	12,655,061	10,585,780
Decrease		
Pensions paid	3,625,437	3,113,149
Contributions and interest refunded to participants	64,607	198,766
Administrative expenses	193,974	204,594
	3,884,018	3,516,509
Net increase in assets available for benefits	8,771,043	7,069,271
Assets available for benefits, beginning of year	58,473,343	51,404,072
Assets available for benefits, end of year	$67,244,386	$58,473,343

THE CITY OF SAINT JOHN

PENSION FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. Summary of significant accounting policies

(a) Basis of presentation

These financial statements show only the position of the assets under the control of the Trustees, and do not purport to show the adequacy of the Fund to meet the obligations of the Pension Plan.

(b) Basis of accounting

The accounts of the Fund are maintained on the accrual basis of accounting. Accordingly, dividend and interest income is accounted for as earned rather than when received.

(c) Investments

The assets of the plan are held by the Royal Trust Corporation of Canada which acts as custodian of the plan. The assets of the plan are managed by Jarislowsky, Fraser & Company Ltd. who have discretionary investment authority.

2. Actuarial valuation

Eastern Canada Consulting Ltd. conducted an actuarial valuation of the Fund as of January 1, 1985. The valuation indicated that the present value of accumulated plan benefits was $102,758,000 and the net assets available to provide benefits, at adjusted market values, were $97,722,000 as of January 1, 1985. The actuary recommended that the resulting unfunded liability of $5,036,000 be liquidated by annual payments over a period not to exceed fifteen years.

The significant actuarial assumptions adopted for purposes of the report were as follows:

(a) A real rate of investment return (i.e. the difference between the actual rate of return and inflation) of 3% per annum.

(b) A differential of 1% between long term investment rates of return and the future rate of salary increases.

(c) 7% increase in yearly maximum pensionable earnings.

(d) Assumed retirement age of 61 years.

(e) Assets adjusted to market values as follows:

1) Fixed income assets on the basis of capitalizing future cash flows using 8% as the expected long term rate of return.

2) Common stocks on the basis of market value less a reserve against future fluctuations equivalent to 25% of the excess of market value over book value.

2. Actuarial valuation (cont'd)

The valuation method adopted was the "projected benefit method" under which the liabilities include those in respect of benefits for service already rendered, as well as those for future services expected to be rendered by present members of the plan. Similarly, assets include those presently held, as well as the present value of future normal employee and employer contributions.

The Board of Trustees have engaged Eastern Canada Consulting Services Ltd. to conduct a valuation of the plan as of December 31, 1986. As of February 6, 1987, this actuarial report has not been received.

THE CITY OF SAINT JOHN

PENSION FUND

SCHEDULE OF ADMINISTRATIVE EXPENSES

DECEMBER 31, 1986

	1986	1985
Investment management fees	$128,099	$109,303
Custodian fees	36,752	34,890
Actuarial services	800	18,315
Performance measurement services	4,700	8,700
Legal fees	6,777	15,659
Audit fees	5,670	5,400
Conference and seminar expenses	8,953	6,220
Medical fees	1,850	990
Miscellaneous	373	5,117
	$193,974	$204,594